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ENTREPRENEURSHIP VS. POVERTY

TOWARDS A REPEATABLE MODEL FOR FIGHTING
POVERTY AT THE COMMUNITY LEVEL.

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ABSTRACT

In recent years, entrepreneurship has been presented as one of many potential weapons in the fight against poverty - capable of acting as a vehicle for individuals and communities to create a long-lasting solution to their situation.

However, the conditions of poor communities around the globe exhibit a heterogeneity that make it difficult to create repeatable solutions that might work across multiple sites.

This thesis looks at previous research on the relationship between poverty and entrepreneurship; and uses qualitative data at the case-level in order to identify common themes among communities that leverage entrepreneurship in some form to eradicate poverty.

It then utilises interpretive phenomenological analysis to better comprehend organic barriers to new-business creation among the poor in specific regions of Indonesia and Colombia - with a view to highlight endogenous innovations that may bring expedited value to other communities wishing to combat poverty.

The result is an account of potentially repeatable components of an ecosystem; as seen through the optic of contemporary entrepreneurship literature - ready to be tested, adapted and built upon by new communities or researchers attempting to create an entrepreneurship ecosystem to fight poverty from the bottom up. The components will be further explained during the final sections of the thesis, and they include:

1. A distinctive degree of poverty based on access to basic infrastructure and the local environment
2. General patterns of behaviour by endogenous and endogenous actors, according to extent of poverty present. These include incubation, fostering and enabling entrepreneurial activity
3. Distinctive roles played by endogenous and exogenous actors - split between leaders and feeders
4. Clear and overt influence upon local business activity by the local environment and social norms, or culture
5. A participative and cross-disciplinary effort that targets different aspects of the poverty cycle, while relying on empowerment of the beneficiaries
6. Innovative traits and strategic action displayed by actors in their utilisation of resources at their disposal
7. Moderate risk-taking and exploration of an array of channels as revenue streams for sustainable business activity

Keywords: Poverty eradication, poverty reduction, bottom of the pyramid, social enterprise, social entrepreneurship, entrepreneurship.

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INTRODUCTION

1.1 BACKGROUND

According to the World Bank, over 10 % of the world's population lives in poverty. The most recent estimates in 2013 (10,7 % Vs 12,4 % in 2012), show that these people live on less than 1,90 USD a day¹. Unfortunately, the task of analysing, breaking down and dissecting potential solutions to the situation of all of the world's poor would be a gargantuan undertaking worthy of several lifetimes in academia.

Bruton et al. (2013) point out in their work that entrepreneurship studies have, historically, paid scant attention to poverty - and have instead "focused on high-growth, high-wealth-creation businesses in either established or new startups." They further state that entrepreneurship may provide a means in which people can break the cycle of poverty, yet investigation of entrepreneurship among the poor is limited due to the lack of entrepreneurship scholars who live in, and hence experience poverty conditions.

The work in this thesis is partly inspired by my upbringing in a Colombian society during the 1980's; as well as experiences and research as an opportunity entrepreneur in Finland between 2013 and 2018. It is thanks to these experiences that I would like to acknowledge the immense value that Baker and Nelson's Entrepreneurial Bricolage (2005) and Sarasvathy's Effectuation (2001) have had upon my ability to harness natural creativity and the tools at my disposal to create new opportunities for growth.

The thesis will deal with the diverse socio-economic characteristics that give way to different types of entrepreneurship (Giacomin et al. 2011); and discuss the potential impact that lessons derived from managerial and entrepreneurship academia (traditionally applied to opportunity entrepreneurship) can have upon the quality of life of entrepreneurs living in varying conditions of poverty. In other words, it will set out to operationalise pre-existing entrepreneurial research into information that is more actionable in-context, so that it may have a meaningful impact in poverty settings, beginning with Indonesia and Colombia.

¹According to the most recent estimates, in 2013, 10.7 percent of the world's population lived on less than US\$1.90 a day". (Source: The World Bank, <http://www.worldbank.org/en/topic/poverty>)

1.2 OBJECTIVES AND SCOPE

Widespread poverty is often acknowledged as a key problem facing the modern world. The topic is, on first glance, as complex in nature - as the proposed solutions for it are numerous.

There have been encouraging signs shown in recent years by a number of economies. China, for instance managed to move more than 500 million of its citizens out of absolute poverty (Bruton, 2010); with the remaining BRICS² countries making their own strides in standard of living and economy growth during a similar period. Globally, over one billion people moved out of extreme poverty between 1990 and 2013³.

One key objective of this thesis is to approach the general subject of entrepreneurship as a potential solution to poverty in a number of communities - with a look to propose solutions that mobilise local stakeholders and private enterprises wanting to make a difference by fostering the function of the entrepreneur. Attention is also paid to the skills and mindset displayed by different actors within the research context.

An initial attempt at a research question, derived from early literature review was, then: “What are the skills, attitudes and stimuli that may contribute to a faster transition from necessity to growth entrepreneurship in developing economies?”. However, it quickly became apparent from early field work that, dissecting a way for turning necessity entrepreneurs into growth entrepreneurs would neglect the problems of some of the more desperately poor. A false interpretation stemming from such question might be that entrepreneurship cannot be used as a means to fight poverty within a context where fundamental infrastructure deficiencies exist (e.g. access to water is limited and illiteracy and malnourishment are the rule). It does mean that the focus of the research must be on the role of entrepreneurship within varying poverty contexts; rather than the motivation for, the maturity, or even the nature of the businesses themselves.

In light of these early findings, it becomes necessary to take a more detailed look at the heterogeneity that occurs among varying poverty contexts - due to geography, level of income, infrastructure, human capital, the role of the environment, gender and socio-cultural issues, among other factors. With this in mind, entrepreneurship presents

²Brazil, Russia, India, China, South Africa.

³“Nearly 1.1 billion people have moved out of extreme poverty since 1990. In 2013, 767 million people lived on less than \$1.90 a day, down from 1.85 billion in 1990”. (Source: The World Bank, <http://www.worldbank.org/en/topic/poverty/overview>)

itself as a more fluid entity; one that has the potential of being truly effective in fighting poverty - provided it is used in the right configuration, and the right actors are present. A more powerful way of approaching a research question then became: "What are the most salient, common characteristics found in communities using entrepreneurship to combat poverty in developing economies?". A small number of supporting research questions were also formulated.

It is true that academia has increasingly taken it upon itself to study poverty in recent years. However, the topic of entrepreneurship as a means out of poverty remains vast, and a large sample of proposed solutions remain at the macro level. In studying the subject, this thesis will follow valuable insights set forth by existing literature in economics, management and entrepreneurship scholarship; but will also find footing in social psychology and the micro-environments found in Indonesian and Colombian communities, where low-income and low-to-medium income entrepreneurs operate.

The reasoning behind the emphasis in collecting data at the case-level is to obtain insights on issues such as: underlying causes of poverty, motivations behind entrepreneurial intent; protagonists of local entrepreneurial

action; creative process (or processes) involved within selection of a specific business activity; the networks of skilled (or unskilled) labour available to the enterprise; access to funding and other local factors which can be difficult to identify via more data-heavy, quantitative research. Another motivator for a market-level approach is presented by the pitfalls of top-down development policy (delays, possible corruption, among others) - these topics will also be discussed throughout the research.

The scope of the thesis will take shape across three distinctive phases:

1. ***Creation of a loose theoretical framework around the drivers for entrepreneurial intent in poverty settings at a global level, which can then be translated into a practical approach for research at the case level. For this, the thesis will look at literature by authors such as Prahalad, Stam and van Stel, Bruton, McMullen and numerous others who have taken different perspectives in evaluating the role entrepreneurship may play in contexts of poverty and extreme poverty - as well as its impact on the development at the community, regional and national levels.***
2. ***Enhancing the theoretical knowledge through***

qualitative studies in Indonesian and Colombian communities that allow a formulation of practical improvements or initiatives that drive social mobility and creation of business enterprises by actors in poverty settings.

- 3. Recommendations to local stakeholders, entrepreneurs and community leaders, that lay out the impact of a proposed action on their part; as well as incentives for engaging in activities that foster entrepreneurship.***

1.3 STRUCTURE OF THE THESIS

As outlined in figure 11, The paper begins by dealing with the general pervasiveness of poverty in the modern world - then quickly moves into discussing what relationship may exist between poverty and entrepreneurship, as a potential solution to it. Thereafter, the literature review for this thesis will centre around the different ways in which entrepreneurship impacts development at different levels of society; and whether fundamental differences exist in the nature of entrepreneurial activity in developed nations, versus that in developing countries.

Once the above research has shed some light upon potential motivators for governments to create development

policy supporting new business activity; we will touch on advantages of market-level action - and discuss alternative sources of support that may benefit new businesses in conditions of political, financial or security uncertainty. Examples from Indonesia, Colombia, India, Rwanda, South Africa and Guatemala; among others will be discussed - with a clear emphasis made upon Indonesia and Colombia. This will lead into the introduction of the frame of study (end of Chapter 2).

Chapter 3 will deal with the research design conducted as part of the study, as well as with the methods utilised to answer the research questions, in the form of interpretive phenomenological and qualitative content (thematic) analysis. The field work mechanics will be covered in detail within this chapter.

In closing, Chapter 4 includes the findings of the study. In chapter 5, the results and observations are discussed based on earlier studies and some actionable implications are shown. In addition, the study is evaluated and some future research topics in the field are shown and conclusions from research are made.

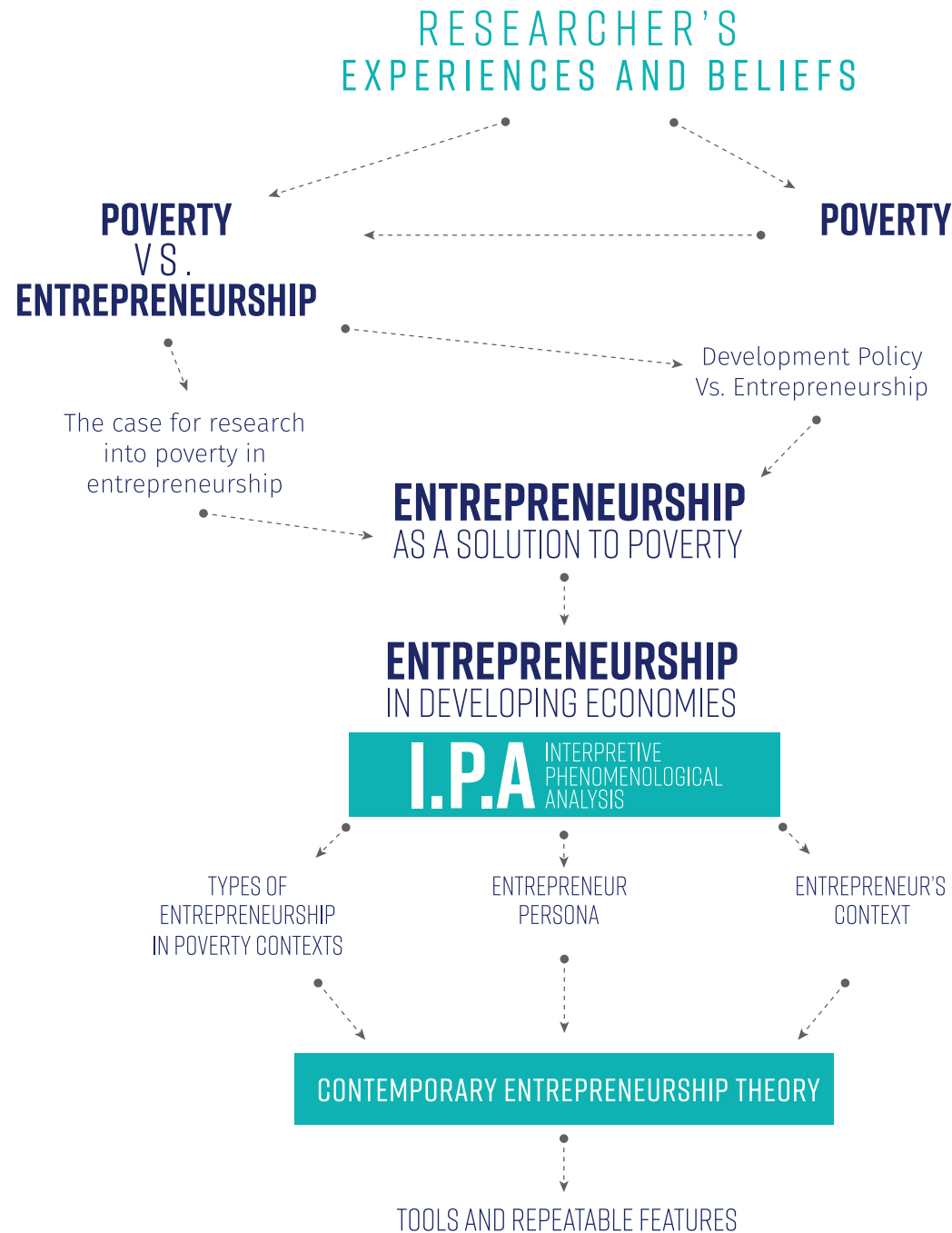


Figure 11: Logic and storyline of the thesis

CHAPTER 2:

THEORETICAL BACKGROUND

This chapter lays out the foundation for understanding the potential effect that entrepreneurship can have in poverty alleviation. It starts by delving into what we know about poverty as a problem in the modern world; as well as the attempted solutions by government and authorities to curtail it. After that, it goes on to identify what the pitfalls of development policy are - in that it is unable to effectively tackle poverty on its own - and argues the impact that private enterprise can have by serving the “bottom of the pyramid”, or “bottom billion” market.

After exploring the above, more-known solutions to poverty; empowering the poor emerges as a clear, yet complex proposition which forms the core focus of my research. Throughout the next few pages, tackling poverty through entrepreneurship is discussed as a potentially effective, yet complex task requiring the effort of academics across the fields of management, entrepreneurship and economics - among others. The latter part of the chapter deals with factors at the micro-level that is the entrepreneurs’ own environment, as well as their own person, as keys to success in transcending the pitfalls of necessity entrepreneurship and becoming impactful, growth entrepreneurs. For this, I have turned to more contemporary entrepreneurship and venturing research - traditionally concerned with mature economy contexts.

The end result is the operationalised combination of macro-, micro- and contextual research around the topic of entrepreneurship in settings of poverty; which has led to the frame of study and key research questions guiding the qualitative study for this thesis.

2.1 ENTREPRENEURSHIP VS POVERTY

2.1.1 THE CASE FOR RESEARCH INTO POVERTY IN RELEVANT LITERATURE

Bruton (2010) makes an invitation to the management scholar community to carry out an “expanded examination” of the relationship between business and “The world’s poorest Billion”. In it, he outlines that prior to 2010 the topic had received little attention and even goes on to provide examples of how corporations can help alleviate the situation of the poor by adapting their products for the combined purchasing power of this population.

The case for persuading business leaders to adapt their products in order to serve the poor, is dealt with at length by Prahalad and Hammond (2002). They analyse big business’ reluctance to tap into this market as based

on the assumption that the poor have little to spend on goods and services. Further, they state that corporations assume that regions where the poor live are all affected by corruption, illiteracy and bureaucratic red tape. While this may be true for some regions, these assumptions display a lack of understanding by businesses of the combined purchasing power of these populations.

Prahalad and Hammond (2002) also go on to state that there are encouraging trends in these markets. Political reforms, openness to investment and low-cost wireless communication networks are some of the phenomena businesses can utilise when targeting bottom-of-the-pyramid (BOP) segments. Interpreted as stimuli, these can be key in unlocking the untapped potential of the poor in some of the world's biggest cities. The article (2002) estimates the combined purchasing power of the poor in Rio de Janeiro as USD1,2 billion - with shantytowns in Johannesburg and Mumbai not being so different.

But what is perhaps most interesting about the poor communities in these cities, is that distinct ecosystems have existed for years. Money lenders, retail shops, small businesses, schools and clinics mean economic activity in these urban regions is thriving.

Reaching the rural-poor communities is, according to Prahalad and Hammond, a different challenge when it comes to the access to distribution. Communities' purchasing power remains strong, for example in 2002, 60 % of India's GDP was generated in rural areas. In addition, by entering low-cost information technologies and communications infrastructure - it should be possible for businesses to reap high rewards through well-designed digital services. In saying so, the research argues away another misconception by some businesses that the poor cannot utilise such advanced technologies. Proof of this misconception is provided: poor rural women in Bangladesh have been using cell phones for years (in spite of them not having used phones of any kind before); teenagers in Kenya have been being successfully trained as web designers since 2002 at the latest; poor farmers in El Salvador use telecenters to negotiate the sale of their crops over the internet - and impressive as these sound, women in coastal villages in India have, in less than a week, learned to use PCs to interpret real-time satellite imagery of concentrations of schools of fish in the Arabian Sea so they can direct their husbands to the best fishing areas.

In fact, the case for digital technologies in these communities is compelling - it may also provide a viable

solution for a disturbing phenomenon observed in BOP ecosystems: the high-cost economy of the poor. Inhabitants of Dharavi, a slum in Mumbai pay over 53x the amount of interest on credit that their Warden Road (an upper-class community in Mumbai) counterparts pay. This trend is also witnessed in access to municipal-grade water (37x the cost) and diarrhea medication (10x the cost). Although it is not possible to distribute water and medication over the internet, it may well make it possible to create a service that, for instance, empowers local communities to test the quality of local water and report the results to local government, so that water projects can benefit from better prioritisation, planning and long-term savings in infrastructure rollout.

2.1.2 DEVELOPMENT POLICY VS ENTREPRENEURSHIP

Bruton (2010, 09) states: “Business has the potential to do far more to solve the issues of poverty than any number of government aid programs”. A bold stance that contrasts with the notion that big businesses cannot possibly solve the financial ills of the developing nations by themselves (Prahalad & Hammond, 2002). In fact, it is acknowledged that lasting progress will only come from a combination of general improvements in the governance of developing

nations and targeted investment from the developed world. This thesis sets out to explore market-based solutions to poverty. In doing so, it sides with McMullen (2011), who stated that development economics has historically favored top-down, planning-oriented strategies to poverty alleviation - which suffer from inertia, ignorance and incompetence. In order to overcome this, the literature emphasises bottom-up, market-based strategies for the endogenous transformation of less-Developed Countries (LDC), and posits that the case of the poor may be best served by self-reliant efforts, guided by ideas and institutions from the West particularly suited to their context. This new approach is viewed as a series of experiments among the poor conducted by different actors. One of the cases discussed is that of globalgiving.com (nowadays globalgiving.org), which is characterised by bringing together three types of players to the ecosystem:

1. ***Social entrepreneurs close to the poor who start projects to meet their needs (nonprofits)***
2. ***Individuals and institutions with technical, as well as practical knowledge (companies)***
3. ***Donors who have funds they wish to give away (donors)***

On first inspection, the GlobalGiving case appears elegant, credible and effective in achieving the founders' vision; which is described by McMullen (2011, 186) as “a decentralised market in which players seek each other out and spontaneously form matches.”

The case is striking for two main reasons. First, it successfully leverages the value each of the three profiles brings to the ecosystem, while providing them with targeted incentives - a key at eliciting the desired behaviour (projects compete for funds, technical specialists compete to be hired, and donors compete to get results, and thus attract even more funds). Second, it somewhat resembles the model proposed by Feld (2012) for a self-sustaining startup community, which he divides into “leaders” and “feeders”. Leaders are defined as the entrepreneurs who experiment and fail fast - and also must display additional traits to the benefit of the ecosystem. The feeders group is made up of different types of stakeholders, such as government, universities, investors, mentors, service providers and large companies. The implications of this similarity are of significance to my research, since ecosystems are present in both highly developed, tech-startup communities (Figure 21); as well as in low-income areas in developing economies.

STARTUP COMMUNITY

(adapted from Feld, 2012)



Figure 21: Startup community (based on Feld, 2012)

Considering the above literature, an early concept begins to emerge: top-down policy to eradicate poverty should, and can effectively be complemented with market-level initiatives to create an impact on the short, as well as the long term. In order for these market-level initiatives to be successful, attention must be paid to the roles of different stakeholders in local communities - which may hint at the rewards they seek for a desired behaviour; as well as what they can contribute to the system.

So, taking into account Prahalad and Hammond's work (2002) on how enterprises can do good in poverty contexts while at the same time tapping into new sources of growth; I decided to answer the call by Bruton et al. (2013) for further scholarly literature on how entrepreneurial activity can act as a means of breaking the cycle of poverty. So, instead of viewing the "poverty as a market" and "entrepreneurship as a solution to poverty" arguments as mutually exclusive - this thesis shall deal with them as two critical aspects of an entrepreneurial ecosystem in contexts where resources are limited.

2.1.3 ENTREPRENEURSHIP AS A SOLUTION TO POVERTY

As briefly mentioned above, Bruton et al. (2013) diverges from Bruton (2010) in that he no longer looks at ways in which businesses can profit by serving the needs of the world's poorest; but instead puts out a call to academia to cover the subject of entrepreneurship as a solution to poverty in more detail.

Bruton, with his colleagues (2013) state several reasons for gaps in related research to exist. First, entrepreneurship scholars have focused their work on high-growth, high-wealth-creation businesses in either established, or new startups. Secondly, the lack of entrepreneurship scholars who live in, and hence experience poverty conditions. Bruton et al. (2013) go on to explain that being grounded in settings of poverty facilitates the appreciation, understanding, and accurate interpretation of what occurs within such settings. A possible reading one might make of this affirmation is that there is an actual need for more qualitative research at the case- or micro-level. To be clear, this does not necessarily render economics, entrepreneurship or management literature grounded in developed markets inadequate by any extent.

This, along with McMullen's (2011) position suggests that, entrepreneurs in developing economies can make effective use of lessons from modern entrepreneurship literature in order to break the cycle of poverty. Attention must be paid, however, to how these concepts may vary within their context. Bruton et al. (2010) sums it up well by expressing the difference in actions between those witnessed in emerging economies, as opposed to those in more mature markets. Such differences can be expected to be exacerbated by poverty itself, due to the fact that entrepreneurs in such settings do not only face dramatic institutional voids; but are also afflicted with a lack of resources and a high-stakes environment, wherein failure may amount up to one not being able to feed one's family, or not being able to secure shelter. These are simply some over-generalised reasons behind the different strategic decision-making by entrepreneurs living in poverty - one might also expect there are additional, more localised traits exhibited by different communities and this has been noted as a focus of the field work within this thesis for its potential implications.

In making sense of the effect that some of these strategic decisions have upon developing communities, it may help to carry out literature review on the effects of context-

specific measures. Bruton et al. (2013) point to the theme of using experimental designs to identify the methods that are the most successful in solving issues of poverty. Some of the examples they provide are Duflo and Pande (2007), who examined the impact of dams in India on improving the lives of the impoverished; Banerjee et al. (2007), who examined the positive effects of literacy on the desperately poor; and Alatas et al. (2012), who conducted an experiment among 640 Indonesian villages to find which poverty elimination methods work best. It is worth noting at this point that entrepreneurship becomes a realistic possibility once the local environment has reached a certain level of development, and there is a need for research that can point to the socio-economic characteristics of those who can benefit the most from business activities.

In order to have a better grasp on the extent of poverty in our world prior to field research for this thesis; I reviewed Sala-I-Martin (2006) - who delineated four poverty lines in analysing world distribution of income and poverty:

- ***Lowest (World Bank) poverty line (up to USD 1 / day)***
- ***USD 1,5 / day***
- ***USD 2 / day***
- ***USD 3 / day***

The overall number of people living in poverty has undergone a dramatic decrease since the 1970's. To be exact: in 1970, 46,6 % of the world's population lived on under USD 3 / day (Sala-I-Martin, 2006). By the year 2000, that number had dropped to 21,1 % in spite of the world's population increasing from 3,5 to 5,7 Billion. East-Asian countries are largely responsible for this improvement. The percentage of the population living on under USD 1,5 / day in the region (the most populous in the world, with 1,7 Billion people in 2000) dropped from around 28,8 percent in 1970, to 2,4 percent in 2000 (Sala-I-Martin, 2006), as a matter of fact, the same research suggests that the world might just be in better shape than many world leaders believe.

Looking deeper into global poverty patterns and into the reasons for such strides in fighting poverty globally; it is impossible to ignore that the above results are largely due to China's gains. However, the Indonesian case against poverty between 1970, and prior to the Asian Financial Crisis in 1997 is also impressive. The world's fourth most populous nation⁴ saw its poverty rates drop from 40,1 % of its population in 1976 to 11,3 % in 1996 % (Suryahadi, et al. 2012). By the end of the crisis in 1999, it had risen again

to 24,1 %, and by 2010 it had been reduced back to 13,3 %. Although more progress has been made post-crisis, it is clear that poverty reduction rates have been much slower than pre-crisis. This, according to Suryamin (Statistics Indonesia) - may be due to core poverty remaining⁵.

But what about the potential impact of entrepreneurship upon poverty rates? This thesis set out to uncover more literature, specifically within the contexts of Indonesia's and Colombia's economies - that help frame field research. Much as the BRICS nations garnered attention during the early 2000's for their ability to expand their economies and raise the standard of living for many of their citizens (Bruton, 2010) - the CIVETS⁶ rose to notoriety in 2009, and have stood out in recent years for their fast-growing economies, volumes of internal consumption and relatively young populations (Greenwood, 2011).

In the case of Indonesia, a look at a Yasa Kerti et al. (2013) stands out for its relevance, in that it sets out to measure the effect that partnership strategy has upon the performance of 160 SMEs across different regencies in the island of Bali. Furthermore, it provides a limited, yet useful amount of information about the effect of SME success

⁴"U.S and World Population Clock" (Source: United States Census Bureau, <https://www.census.gov/popclock/world>)

⁵"Poverty has decreased by 211 percent in Indonesia: BPS". (Source: The Jakarta Post, <http://www.thejakartapost.com/news/2016/07/18/poverty-has-decreased-by-211-percent-in-indonesia-bps.html>)

⁶Colombia, Indonesia, Vietnam, Egypt, Turkey, South Africa.

upon overall poverty reduction. Their research, conducted with managers across the 160 SMEs set out to test whether a strong partnership strategy could help these companies overcome conditions of resource scarcity and intense competition.

For the purpose of their research (2013), competitive intensity of the industry was posited to consist of five factors: 1. The threat of new entrants, 2. the bargaining power of suppliers, 3. the bargaining power of customers, 4. the threat of substitute products, and 5. competitive rivalry. Likewise, their case for partnerships among SMEs and stakeholders around them resonates with some of the previous literature reviewed around startup ecosystems. Yasa Kerti et al. (2013) propose that where physical and non-physical resources are limited, partnerships strengthen existing resources, speed up innovation and knowledge transfer. Feld (2012) also states that two of the key benefits under the sociological principles for a vibrant startup community are the sharing of information and leveraging innovations.

This is the first time that a sociological vector is explored within the literature. A deeper look at Yasa Kerti et al. (2013,

03) sees them define “poverty” from an economics as well as a social perspective (Figure 2.2). From an economics standpoint, they define poverty as “a deprivation of usable resources needed to improve welfare”; whereas the social component viewpoint poverty is seen as “a lack of social networks and structure to obtain chances to improve productivity”. This leads to their notion of the poverty cycle (Yasa Kerti et al. 2013, 03):

- ***Low purchase power***
- ***Leads to low nutrition and health***
- ***Leads to low participation in education***
- ***Leads to low productivity***

THE POVERTY CYCLE

(adapted from Yasa Kerti et al. 2013)

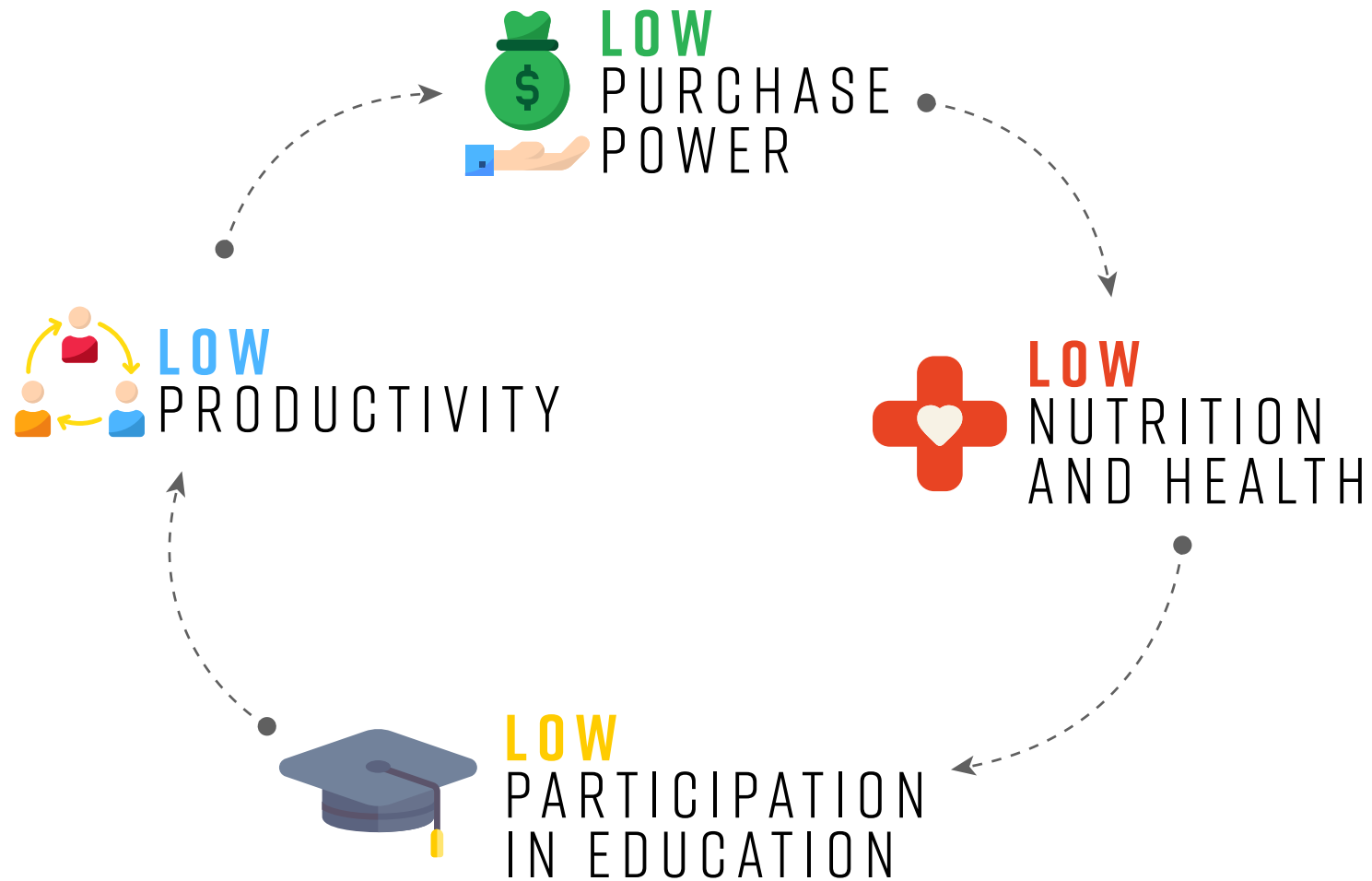


Figure 22. The poverty cycle (based on Yasa Kerti et al., 2013)

With these aspects in mind, the research highlights the importance that SMEs and large companies have within society - particularly within communities near, or within a poverty setting. In short, their conclusions state that SMEs in Bali are able to successfully leverage partnership strategies in order to overcome conditions of resource scarcity; as well as the competitive intensity of the industry. Furthermore, their research found that a reduction in poverty is considerably influenced by SME performance. The literature was not very detailed as to how this happens, and only states that positive SME performance results in higher incomes and more jobs. One other finding, with implications for this thesis is that, even in conditions of competitive intensity - SMEs in Bali are able to differentiate well from one another, which aids their performance.

Although not directly related to the research topic of this thesis, some additional data points emerged from reviewing Yasa Kerti et al. (2013), and which may have loose implications for this thesis:

- ***Out of 160 SME managers surveyed, more than 76 % were between 31 and 50 years of age. Only 5,6 percent were under 30 years of age.***

- ***73,75 % of SME managers were male***
- ***Out of 160 SME managers surveyed, just 3,75 % had attained either a Bachelors or a Masters degree. These findings have been taken into account for their implications during field work.***

2.1.4 ENTREPRENEURSHIP IN DEVELOPING ECONOMIES

Stam and van Stel (2011) argue that the impact of entrepreneurship upon the macro-performance indicators of low-income national economies is limited. Some of the reasons discussed include: limited access to capital and skilled labour. This is in contrast to the role of growth-oriented entrepreneurship in transition, or mature economies - where entrepreneurial activities make valuable contributions to macroeconomic growth.

One of the reasons for this phenomenon is the nature of entrepreneurial activities. Whereas growth entrepreneurship is witnessed in developed economies, it is proposed that much of the entrepreneurial activity in low-income nations may be necessity-driven. Entrepreneurs in these settings do not start a business to increase their income as that of being an employee; but instead they begin business

activities because they may have no other way of making a living.

Stam and van Stel's (2011) work points at a few key themes, which mark key drivers for this thesis:

1. *The notion that necessity entrepreneurship is not as impactful at a macro-level as growth entrepreneurship may have caused contemporary research on it to not be as extensive as that on growth entrepreneurship*
2. *When thinking of the subject of poverty eradication as a whole, a strong case for micro-level research is made: The literature states that findings on the impact of entrepreneurship on economic growth have been mixed, and then goes on to propose the heterogeneity of entrepreneurial activity and contexts in which entrepreneurial activity takes place as reasons why*
3. *The development process in low-income communities may be partly related to structural change: how a community explores and discovers what it can be good at (e.g. low-cost, quality manufacturing). Beyond it, how this "skill" or "advantage" may be met by a broader market. Some examples provided are those of t-shirt production in Bangladesh, fresh-cut flowers in Colombia, or software services in India (Stam and van Stel, 2011).*
4. *The high degree of dynamism within communities in rich countries is credited with producing ambitious and well-connected entrepreneurs. This may hint at the role of context and culture in shaping an entrepreneurs' mindset and attitude*
5. *It proposes clusters (regional concentrations of particular industries) in developing economies as a potentially impactful concept. These are said to drive and be driven by, growth entrepreneurship. It is understood that certain traits of cluster-like behaviour may be possible to identify or predict, and this will carry implications for field research:*
 - a. *Efforts to identify the sources of advantage for the nascent cluster*
 - b. *Cooperation of clusters in developing economies with developed nations*
 - c. *The presence of returning expatriates, or "Argonauts" who speed up and facilitate exchange of ideas back and forth between the developed and developing worlds. These personalities have been exposed to business in the developed world and can be valuable contributors to clusters in a community beset by poverty.*

It is worth noting that although Stam and Van Stel's (2011) work is extremely valuable as a foundation for this thesis; it is also retrospective in nature - thus opening the door to exploring the effect of creating permutations among some of the factors it deals with, in order to assess their effect upon communities in developing economies.

This responds to the affirmation within the literature that entrepreneurs experiment with variations combinations of production factors - often with uncertain results. Whereas evidence of this behaviour within a community may not, at first glance, allow us to discern whether an activity constitutes growth or necessity entrepreneurship - it does provide a very distinct indicator of entrepreneurial behaviour.

Although the research found entrepreneurial activity to have little impact at the macro level within low-income countries; Stam and van Stel (2011) do provide some encouragement in pursuing growth entrepreneurship within these contexts. They state that new firms in transition markets are capable of filling in new markets, which were either non-existent or poorly populated in the past. They further argue that these environments are characterised

by relatively high levels of human capital in combination with relatively low opportunity costs of self-employment of the adult population. Two interesting propositions then begin to emerge:

1. ***In order to increase the impact of new-business creation among low-income populations, it is necessary to enable transformation from necessity entrepreneurship to opportunity entrepreneurship, and***
2. ***The presence of “the new argonauts”, as well as the role played by context and culture within entrepreneurial drive might mean that entrepreneurs in poverty contexts may come from within, or without the community.***

2.2 ENTREPRENEURS IN POVERTY CONTEXTS

2.2.1 WHAT MAKES AN ENTREPRENEUR?

The total number of results when running a text search for the words “poverty” and “poor” inside Giacomini et al. (2011): “Opportunity and/or necessity entrepreneurship? The impact of the socio-economic characteristics of

entrepreneurs” - was zero. However, I do not wish to pay a disservice to the valuable contributions contained therein about the two fundamental motivations of entrepreneurial action. The article is rich with insight about what possible factors may instill a tendency within an individual to become an opportunity entrepreneur. Elements such as a person’s upbringing, or her parents’ entrepreneurial activities are touted as factors playing a role in this crucial junction within a professional’s development.

When it relates to necessity entrepreneurship, however - one of the most predominant features seems to be unemployment. The purpose of this thesis is best served by probing beyond whether a “push” or a “pull” dynamic is at play at the moment of business inception. So I turned to Dana (1997), who provides a multi-disciplinary base argument for entrepreneurial intent. One in which there are four spheres of influence at play during this process: the individual or self, the ethnocultural environment, the circumstances in society, and a combination of these. For the purpose of this literature review, and based on findings from field work which will be discussed later - it is clear that a combination of these helps provide an even more basic explanation of whether this entrepreneurial action (previously intent) results in orthodox entrepreneurship

(as Dana proposes), or reactive self-employment (for the sake of simplicity, I shall assume these to be synonymous with the commonplace terms of growth and necessity entrepreneurship).

Obtaining a better instrument by which to interpret an entrepreneurs’ motivations and choice of strategic action is key to my research; in particular due to the fact that there exists great fragmentation among the social, economic, human and environmental factors at play within different communities afflicted with poverty around the world.

In order to get further perspective about differences in attitudes towards entrepreneurship across different regions; Giacomini et al. (2010) is also valuable. This work provides some needed depth, by studying ways to strengthen perceptions of feasibility and desirability of business activities among students from the U.S, China, India, Belgium and Spain. The slightly different end goal the authors had for this research (education) is no impediment to my thesis’ need for validating whether different cultures do indeed hold diverging views of entrepreneurs and their activities at a high level. Prior to evaluating more localised influences upon the initiative, the need and the will to start a business enterprise.

Furthermore, the study begins to echo Dana (1997) in advocating for a holistic approach to entrepreneurship education. It encourages the reader to not only focus on the skills an individual may need in order to bring an idea to life; but to also take into account contextual characteristics which may affect how (and indeed, if) the individual carries out an enterprise. In illustrating some of these contextual factors, Giacomini et al. (2010) goes on to state that not all individuals who display a willingness to start a business end up following through on their intentions. This is due to yet another factor playing a role: “attitudes towards entrepreneurship” - in certain cultures, negative perceptions of entrepreneurs exist in the social environment.

A look at the results of the study seems justified at this point in the literature review. And due to the scope of this thesis, I am particularly inclined to take a look at the attitudes of Indian students in comparison to their Chinese, and Western counterparts.

Strikingly, Indian students’ pursuit of improved social status ranked first among the nations in the study. Although immediate data is not available to corroborate a relationship, Indian society holds a considerable portion

of bottom-of-the-pyramid communities (it is home to 270 Million poor)⁷.

In relation to perceived barriers to entrepreneurship, India also rated highest in terms of “lack of initial capital as a barrier to business startup”; as well as under the criterion of “lack of support from people around me (family, friends, etc)”. Might this point at certain views within Indian society that are averse to entrepreneurship? It is my opinion that further research focused on the Indian market and social inhibitors of entrepreneurship would be beneficial in order to understand better what this means at a micro level.

In offering a plausible explanation for the results, Giacomini et al. (2010) goes on to highlight that Indian students also stood out in terms of “their desire for personal development through business creation”, particularly when compared to their Belgian and Spanish counterparts. The authors argue that these results may, to an extent, be explained by “the precariousness the Indian population is faced with compared to the other nations in the study” Giacomini et al. (2010, 235). I will explore the context within which entrepreneurs operate in more detail later, and will now focus on the individual or self.

⁷India’s Poverty Profile. (Source: The World Bank, <http://www.worldbank.org/en/news/infographic/2016/05/27/india-s-poverty-profile>)

2.2.1.1 BELIEF IN A JUST WORLD

Much of what is at the core of an individual's beliefs and attitudes has a bearing upon entrepreneurial intent, even before it is further shaped by the environment. Benabou and Tirole (2006) echo prior research in stating that individuals have a need to believe that we live in a world where people generally get what they deserve.

In some cases, this leaning contributes in causing a sort of “cognitive dissonance” - in which people seek to maintain the belief that effort pays off eventually. The article goes so far as to say that people struggle with this dissonance, since such belief is something seen as desirable to pass on to one's children. Benabou and Tirole's work (2006) is valuable, as it helps add depth and colour to concepts such as the “American Dream”, and the role of religion as a self-discipline device. On the latter, they present that studies (Peplau and Tyler 1975; Guiso, Sapienza, and Zingales 2003) find a positive association between individuals' religiosity and their beliefs that success can be achieved through hard work. Some related notions are also that poverty is attributable to laziness and that some inequality is needed to provide incentives for effort.

Throughout the course of this research, it has become

apparent that when it comes to poverty, these gross generalisations (so often found in popular culture), are the result of incomplete data. Namely, such views are not grounded on the heterogeneity exhibited by poverty conditions around the globe - and certainly do not account for geographical, environmental, or social conditions at birth.

They are, however critical as a point of reference; and to aid in interpreting individual accounts when stepping into communities struggling with poverty.

2.2.1.2 EXPECTATIONS, MOTIVATION, ABILITY

In outlining a market-based approach for fighting poverty and delineating a new kind of entrepreneurship (development entrepreneurship), McMullen (2011) proposes that three elements are necessary for entrepreneurial action: expectations, motivation and ability.

When entrepreneurial action fails to materialise by expectations failure, entrepreneurs have underestimated the potential returns of serving a BOP (bottom of the pyramid) market; and hence entrepreneurship does not take place.

In a critique to failure of this kind, McMullen (2011) argues that this is partly due to lack of information, or ignorance. In providing examples where solving for lack of information and through it, expectations - multiple examples of successful entrepreneurs who left their home countries to receive an education abroad, (only to return and become wildly successful once it became clear to them how to profit from serving the poor) are provided. These “new argonauts” (Saxenian, 2007) are a critical part of up-and-coming ecosystems that are fighting poverty and I shall discuss them in more detail later - both as part of my literature review, as well as in the context of field research. Subsequently, when entrepreneurial action fails by motivation; entrepreneurs have chosen not to exploit the profit potential of the BOP, in spite of their ability to do so. This may be brought about by contextual factors such as prejudice, racism or similar. McMullen (2011) cites the example of India’s untouchables, who represent a potential market for would-be entrepreneurs; but are however discouraged by social norms from acknowledging members of this excluded group as potential customers. Another explanation for this type of failure may well be the climate existing within cultures in which the self-employed do not enjoy the respect of society.

Thirdly, ability. When an entrepreneur who wishes to pursue

a business activity cannot - this inability responds to a lack of some sort of capital (human, financial, social, etc). Business literature has focused upon the financial aspect, and an example of women in Bangladesh is provided - who made bamboo stools, were caught in a cycle of poverty due to their inability to rustle up the equivalent of USD 27.

On critiquing this third vector of nascent entrepreneurial action, McMullen (2011) goes on to discuss the pitfalls of microfinance. Although the concluding argument settles for stating that in many cases, the poor have the skills necessary to run a business, and all that prevents them from doing so is lack of a nominal sum of capital.

In addition to these intrinsic attributes that aid or hinder entrepreneurial intent, the research also points to a number of contextual conditions that should exist to an extent, in order to make it possible to start and run a business: peace, infrastructure and freedom.

2.2.1.3 ADVANCED TRAITS

Just like all entrepreneurship does not likely fall under necessity and growth; the basic vectors of expectations, motivation and ability do not allow for a nuanced understanding of entrepreneurial activity within all poverty

contexts. The field research conducted as part of this thesis showed that even with no education - entrepreneurs are capable of making strategic decisions in keeping with the best possible future for their business. Some of these decisions respond to aspects of business university students in Western countries are expected to learn.

Some of these traits are often displayed by women entrepreneurs, who - in order to navigate around the shortcomings of their role in certain developing societies, resort to uncanny resourcefulness, innovation and creativity.

For instance, tourism entrepreneurs in Bali interviewed by Tajeddini et al. (2017), are encouraged to adhere to the five duties of women, which are:

- 1. *Being a loyal companion to their husband***
- 2. *Managing the household***
- 3. *Educating and providing guidance to children***
- 4. *Earning supplemental income as required***
- 5. *Being a useful member of the community***

This means that, in addition to running the household - these women also need to act as business owners. It was not clear from the article what the general role of the males are within such businesses.

In their research, Tajeddini et al. (2017) found that the women have to be strategically proactive and show evidence of understanding market feedback, positioning, differentiation, networking and experimentation. They are constantly adjusting their products or services according to demand.

However, and not as a negative - but as a phenomenon that should be verified in other developing economies; a large number of these businesses remain in informality. Being able to combine family life with professional development is a great incentive to these women.

One other relatively novel alternative for women in Indonesia is running a business through social media (Melissa et al., 2012). This research found that when they work outside of the home, women feel the additional burden of managing their duties at home and work; they experience guilt from having to leave their children in

the care of another person, and still have to take care of chores once they come home. To them, much as to the interviewees from Tajeddini et al. (2017), entrepreneurship affords them great flexibility and independence.

To conclude, there is one aspect of necessity entrepreneurs (or entrepreneurs in settings of poverty in general) I have found to be underrated and overlooked by traditional entrepreneurship academia. It is the presence of effectuation, of effectual action as described by Sarasvathy (2001).

In defining effectuation, the paper goes on to detail that causation processes in business take a particular effect as a given, and focus on selecting between means to create that effect. An illustrative example by Sarasvathy (2001) sees a chef who is given the task of cooking a particular item on a menu. The outcome is then a given, all the chef has to do is find the ingredients, buy them - and find the best way to cook the meal.

An effectual chef would, as it will, look through the cupboards for existing ingredients and imagine what possible meals could result from them, than prepare the meal. "It is a process of effectuation. It begins with given ingredients and utensils and focuses on preparing one of

many possible desirable meals with them" (Sarasvathy 2001, 245). Causation models entail a "many to one" mapping, whereas effectuation employs a "one to many" mappings. In further stating a case for "the effectuator", the article poses that the STP (Segmentation, Targeting, Positioning) approach many MBAs learn is a particularly time-consuming and expensive way to think of a new product or service; hence unsuited for would-be entrepreneurs in poverty settings. These actors, as we remember from Bruton et al. (2010) face dire consequences in the face of failure. In some circumstances, the potential opportunity cost for devoting the time and resources to a new venture that the STP approach outlines might be severe.

On the other hand, entrepreneurs in poverty settings must begin with three categories of "means", as per Sarasvathy (2001, 250): they must identify "who they are, what they know, and whom they know—their own traits, tastes, and abilities"; the knowledge they possess and the social networks they belong to. This is a better suited and pragmatic approach for navigating the uncertain circumstances of poverty, often marred by corruption or violence.

Stam and van Stel (2011) echo this introspective process by describing an "exercise" in which a community figures out what it can be good at, an advantage of sorts. Nonetheless,

their view of the potential of entrepreneurs in poverty settings is more limited. According to their research, these entrepreneurs must figure out what types of goods are consumed in advanced economies and can be produced at home at low cost. This is a view that is disputed in my research, as some of the communities studied are making strides in positioning themselves as unique offerings within the ecotourism industry.

2.2.2 THE EFFECT OF ENTREPRENEURSHIP UPON SELF-ESTEEM

One of the great findings throughout this research is the overwhelming impact that entrepreneurial activity has over self-actualisation, self-esteem and empowerment.

In the case of the social media businesses started by the women subject of the study by Melissa et al. (2012), this provides a way for them to gain some degree of financial independence, which in turn raises their self-esteem. It gives them self-confidence to deal with future financial transactions and, in at least one case, they can surpass the husband's income.

But, in spite of this upside, women still face social judgement when quitting their jobs in lieu of more flexible

online ventures that allow them to stay with their children. In one particular case, it was until their relatives (in-laws) saw they were profitable that they, too, decided to start online businesses.

The subjects from Tajeddini et al. (2007) validated these accounts. The interviewees indicated that, through informal entrepreneurship, they gained greater self-esteem. This increased self-respect, confidence and even prestige - as they were making a financial contribution to their households.

In one particular case in Les Village, north of Bali - where ornamental fishermen used Cyanide to capture the fish they would later sell; a business model change, and changes in their work practices also meant that their standing within the community went from doing something illegal, to becoming respected members of the community. This will be further covered under the case studies, however it was reported by UNEP (2006).

2.2.3 ENVIRONMENT, POLITICS, SOCIETY: THE ROLE OF CONTEXT

It was previously proposed by Dana (1997) that an entrepreneur's disposition towards business creation follows influences from within the self, the ethnocultural

environment and circumstances in society. On an adjacent matter, McMullen (2011) states that, in addition to the basic elements necessary for entrepreneurial action (expectations, motivation, ability) - which are by default internal; certain contextual elements are also needed. These are: peace, infrastructure and freedom.

It should be relatively simple to draw a relationship between the existence of relative peace, a well-developed infrastructure, a climate of freedom - and the presence of a healthy entrepreneurial community. This is why research by Autio et al., (2014, 1105) finds that policy makers in the Western world “have recognised this for twenty years and engaged in policy that creates a more hospitable environment for entrepreneurial innovation”. While this may be true in growth markets and developed nations - conditions in poverty settings are often characterised by dramatic institutional voids and lack of appreciable resources (Bruton et al., 2013). Conditions which I will propose make business venturing a very different proposition within bottom-of-the-pyramid communities.

Whereas Autio et al., (2014) study the contextual conditions of considerably more “functional” states, they also proposes very valuable optic through which to approach the issue of

context - be it in the developed world, or in regions fighting poverty: what are the salient mechanisms through which context influences entrepreneurial behavior?

In addition to these generally laid out factors, external to the entrepreneur herself; I would like to offer up evidence from an integrated assessment of Indonesia’s Poverty Reduction strategy paper by UNEP (2006) that suggests one more dimension to the context.

In explaining why previous policies programmes destined to fight poverty had not achieved their expected outcomes, the paper argues the reason was a failure to take into account degrading environmental conditions and diminishing natural resources. This, the paper goes on to say, should have warranted changes in the patterns of production and consumption at play within the business activities of the local community.

UNEP (2006) provides some further context into the role of the environment in economic activity in Indonesia - which I suspect is no different to regions of similar topography and climate around the globe: Indonesia’s environment supports the livelihoods of the poor. This creates urgency around the sustainability aspect behind economic activity that utilises natural resources.

Tajeddini et al. (2017, 57) offers up some additional evidence of the impact of the social context upon the well being of endogenous business enterprises: “strong social, religious, ethnic networks, often provide important financial and moral support for women who start their own businesses.” Finally, research by Sutter et al. (2013, 01) with entrepreneurs in Guatemala city, marred by a perception of institutional corruption and threats by local illegal players; explains that entrepreneur attitudes towards these phenomena (as well as their individual perception of threat, network strength and resource mobility) “help predict their strategic responses”.

In short, the following criteria will account for the “context” around the cases discussed within this thesis:

- ***Ethnocultural environment and society***
- ***Institutional voids or support***
- ***Infrastructure***
- ***Environmental factors***
- ***Support networks***

Note: *the communities visited as part of this thesis all enjoyed relative peace and freedom, so they shall be*

omitted from this list. However, and especially when working in poverty settings - I encourage future researchers to consider the security and political stability of these sites. Understanding these factors in advance will first, be vital to their personal safety; and may have implications for their research.

2.3 TYPES OF ENTREPRENEURSHIP IN POVERTY CONTEXTS

Just as Sala-I-Martin (2006) delineated multiple poverty lines for the purpose of better understanding the conditions in which different types of poor live; this research has concerned itself with entrepreneurial activities at the core of three communities in Indonesia and Colombia grappling with varying degrees of poverty.

In fact, when dealing specifically with the role of entrepreneurship in economic growth, Stam and van Stel (2011) also refer to the heterogeneity of environments in which entrepreneurship occurs as a reason for mixed results in research.

And truth be told, poor people around the world live in a gamut of circumstances. UNEP (2006) tells us that, in Indonesia alone (2003) twice as many of the country's poor

inhabited rural areas (as opposed to the urban poor) - with agriculture as the main source of livelihood. This suggests that geographical context alone can influence economic activity. Some other determinants of entrepreneurial activity that surfaced from previously reviewed literature include: the environment (UNEP, 2006); ability (McMullen, 2011), gender (Tajeddini et al., 2017), society (Dana, 1997) and nationality (Giacomin et al., 2010) - to name just a few. For this reason, and in order to better comprehend the direction in which entrepreneurship manifests itself in poverty contexts; I shall explore business-driven ways of fighting poverty across four larger vectors: by motivation, by activity, by configuration and by agent.

2.3.1 ENTREPRENEURIAL ACTION BY MOTIVATION

While I side with Dana (1997) in arguing that entrepreneurial intent is derived from a more complex set of factors, such as the self as well as the the complex environment (social, political natural); I ascribe by a more generalistic view of business nature. This means that ultimately, I see business activity generally falls under necessity and growth entrepreneurship and accept its broader definition by Giacomin et al. (2011) as laid out previously.

2.3.1.1 GROWTH ENTREPRENEURSHIP

Giacomin et al. (2011) starts by presenting growth-driven entrepreneurship as one that responds to a “pull” dynamic in the market. It is characterised by pre-recession movements between 1976 and 1979, and responds to motivators such as market opportunities, financial purposes or a new product.

2.3.1.2 NECESSITY ENTREPRENEURSHIP

The same article, by Giacomin et al. (2011) opens its dealing with necessity entrepreneurs by stating they’re the result of “push” dynamics, and were motivated by the recession-caused phenomena of unemployment, layoffs or work-related insecurity. In poverty settings, this “push” may be more primal and basic - as it may well relate to dramatic institutional voids, lack of appreciable resources and the facing of severe penalties for failure, such as going without food or shelter (Bruton et al., 2013). One more aspect contributing to necessity entrepreneurship is the shortage, or absence of employment opportunities that allow for savings and wages (McMullen, 2011).

2.3.2 ENTREPRENEURSHIP BY ACTIVITY

As the title suggests, this classification relates to the activity at the core of the enterprise, which is the root of the value created; and which is also greatly affected by conditions such as their context and skills. In theory, this may well be the result of what Stam and van Stel (2011) refer to as: the introspective process by which a community figures out what it can be good at, an advantage of sorts. A more granular view of this process is provided by Sarasvathy (2001, 250), who states that effectual entrepreneurs must identify “who they are, what they know, and whom they know—their own traits, tastes, and abilities”; the knowledge they possess and the social networks they belong to.

In fact, in reviewing the above determinants of entrepreneurial activity - another potential theme begins to emerge: necessity entrepreneurs may be the more likely of the main two groups to be effectuators.

Entrepreneurial activities in the settings under study include but a portion of myriad activities undertaken around the globe by formal and informal entrepreneurs: social media commerce (Melissa et al., 2012), tourism entrepreneurship by women in Indonesia and South Africa

(Tajeddini et al., 2017; Rogerson, 2005), cotton knitwear manufacturing in India (Cawthorne, 1995), coffee-growing in Rwanda (Tobias et al., 2013), dress-making or local retail in Colombia (case study), fair trade manufacturing in the mountains of Bali (case study), ornamental fishing and ecotourism in Northern Bali (case study), and shoe and clothing retailers in Guatemala city (Kistruck et al., 2015) are just some of the examples of entrepreneurship by activity.

2.3.3 ENTREPRENEURSHIP BY CONFIGURATION

In delineating the businesses encountered across the field, McMullen’s (2011) market-based approach for inclusive economic growth is, once again, extremely influential.

In considering entrepreneurship in general, Autio et al. (2014) recognises that opportunities for entrepreneurial action can take the shape of multiple organisational arrangements. The examples provided include established corporations, spin-offs from corporations and universities, family firms, social movements, and social entrepreneurial ventures among others. Within the settings of poverty, this list takes a slightly different direction, so I will revisit McMullen (2011).

McMullen (2011) proposes a new type of entrepreneurship within development contexts (Development Entrepreneurship); which in turns lies at the nexus between the known: business entrepreneurship, social entrepreneurship and institutional entrepreneurship. The research also highlights a key point that surfaced during field research: that “in order for market-based approaches to produce development outcomes, there must be some degree of charity to supplement the profit motive.” McMullen’s (2011, 198).

Indeed, the nature of bottom-up activity that is geared towards fighting poverty (particularly when aimed at the well-being of a group, rather than just the individual or a family unit); displays a skillful balancing act between charitable and business initiatives.

The key assumption is that, over time, such business initiatives will be able to ramp up and scale up and out - whereas the charitable component will ideally be phased out entirely (evidence from case studies).

For the sake of my research, I shall de-emphasise the institutional component of McMullen’s (2011) work (for now) - as the communities under study suffer from such neglect

that it is improbable to count on any kind of government support within the short term.

2.3.3.1 SOCIAL ENTREPRENEURSHIP

According to McMullen (2011, 198), social entrepreneurship “is regularly offered as a hybrid solution existing between the extremes of purely market-based commercial enterprise and charity- or government-funded social programs (Austin et al., 2006; Certo & Miller, 2008).” Admittedly, social enterprises do not set out to providing the same return on investment of purely business enterprises.

Social enterprises are proposed at providing a return on investment that is hybrid. Partly financial, and partly social. Since the return on investment that falls under the social category is difficult to measure - some of the organisations utilising social entrepreneurship to combat poverty must supplement their activities with charity or alternate revenue from specific sources.

The question remains as to whether social enterprises can be considered within the category of entrepreneurship if they cannot create enough value to sustain themselves.

If one adopts merely the financial standpoint - then the answer may be “no”. But that is not the purpose of this research. The purpose of the thesis is to analyse to what extent these initiatives are successful at fighting poverty, and so I shall consider the intangible social returns of social enterprise in combination with the financial gains; plus revenues from secondary streams or charity in order to assess their effectiveness. To that end, I shall rely on subject accounts on the perceived success/impact of the initiatives upon the well-being of the communities they seek to serve - and will look for evidence of context-specific KPIs they may handle to assess the fulfilment of their social/financial ambitions.

2.3.3.2 SOCIAL BUSINESS ENTREPRENEURSHIP

Simply put, McMullen (2011) positions social business enterprise as an entity requiring enough earned income to cover operating costs. This differentiates it from a social enterprise, in that financial returns are the sole metric on which a return on investment is measured. However, the financial return cannot be seen as too great - simply for the sake of its definition. Greater profits would mean the definition would fall under simply “business enterprise”.

In my opinion, a successful business enterprise grounded on the involvement of “engaged local beneficiaries” (from case studies) and which displays a sense of responsibility towards the community in which it is embedded, deserves further study.

2.3.3.3 DEVELOPMENT ENTREPRENEURSHIP

According to McMullen (2011), entrepreneurial action in low-income settings is usually characterised by the attempts of the entrepreneur to overcome certain institutional obstacles.

The potential to affect the positive change of these obstacles provides a source of opportunity for development entrepreneurs. Some of the effects of inefficient institutions create high transaction costs, among other problems. A change in supply, demand, or both is necessary for the emergence of entrepreneurial opportunities - and development enterprises must be able to influence the institutions in order to remove these barriers to their function. A caveat to McMullen’s (2011) definition of development entrepreneurship is that, in the case of some of the communities under study - impact

upon institutional entities is simply not realistic due to the isolation and state of abandon of such communities. I shall approach the topic of development entrepreneurship as a stage in the life cycle of other forms of social enterprises (rather than a definition), that may be reached when word of the social enterprise's success reaches decision-makers at the local, regional or national level (this is grounded upon case studies).

2.3.4 ENTREPRENEURSHIP BY AGENT

Due to the inductive and interpretive nature of this thesis - the vector of "entrepreneurship by agent" was added to the literature review a posteriori and a result of field observation.

A literature search of the role of "endogenous" and "exogenous" agents within poverty environments leads us, once again, to McMullen (2011) - whose work continues to enlighten the formation of the scope of this research.

In the research, McMullen (2011, 186) argues an emphasis upon "bottom-up strategies for the endogenous transformation of low-development countries". This

approach encapsulates the underlying perspective of my study and goes on to say that poor societies may best be served by self-reliant efforts, guided by Western concepts when suitable.

Stakeholders across communities of the bottom billion are diverse and numerous. An educated look into their conditions allows us to appreciate that the term "entrepreneur" presents an oversimplification of the tasks and characteristics encompassed by its definition. In practice, these agents are well defined by Dana's (1997) axis of the self, which ascribes the following attributes to them:

- ***High need for achievement***
- ***Innovativeness***
- ***Ability to take calculated risks***

I shall complement this general description with richer descriptions of the agents at play in field work, however - I shall outline the types of entrepreneurship as defined by these agents below.

2.3.4.1 ENDOGENOUS ENTREPRENEURS (LEADERS)

These are members of the community who display the traits outlined by Dana (1997), plus a number of additional qualifying qualities - which positions them in a way that makes it possible for them to lead poverty-eradication initiatives from within.

2.3.4.2 EXOGENOUS ENTREPRENEURS (LEADERS)

Dana's (1997) description of the self is, once again evidenced in these agents. The key difference is that, due to an inability by, or the degree of poverty of the local community - poverty-eradication activities centered around entrepreneurship are led by non-natives.

2.3.4.3 NEW ARGONAUTS

An evolution of sorts over Dana (1997) comes from Saxenian (2007), who initially outlined "the new Argonauts" as U.S-educated immigrants who return to their home countries with an enhanced ability to invest and create businesses that tackle local problems. For the purpose of my research, I have adopted the definition of "foreign-educated locals" who return home, putting their knowledge,

skills and networks to work to the benefit of impoverished communities. They come in many variations, but their presence across the case sites makes for an interesting potential pattern and I am inclined to suggest that further research into their role within poverty-eradication would be extremely valuable.

2.4 ENTREPRENEURSHIP, INEQUALITY AND SOCIAL MOBILITY IN LATIN AMERICA

One of the general questions one may ask about the impact of entrepreneurship upon poverty rates is, at what point will entrepreneurship result in an increase of an individual's and her family's standard of living? Although this thesis is based at the case-level and the concept of social mobility takes an aggregate view of larger groups of people in to account; I thought it important to gain a general understanding of the topic.

Castellani & Lora (2014, 286) present a previous definition of social mobility as "the lack of persistence of individuals' income with respect to their own past income (intragenerational mobility) or that of their parents (intergenerational mobility)".

Operationalised, this concept gives another useful optic through which to observe the conditions and performance of enterprises within poverty contexts under study.

The same authors (Castellani & Lora, 2014) posit that entrepreneurship is seen as a potential solution, or a source of social change (from an economic perspective) for groups with low incomes. However, a study carried out by Mejia & Melendez (2012) found that entrepreneurship is more common among the upper classes in Latin America. The upper classes have the largest concentration of individuals with the highest academic attainment (79 % of entrepreneurs in this category completed higher or technical education). This number compares to 42 % across the middle class, although the heaviest concentration of entrepreneurial activity is concentrated within the middle class. One striking outlier is El Salvador, where close to 52 % of the entrepreneurial population is concentrated in the lower class (Castellani & Lora, 2014). No data point is provided for higher education rates of those in the lowest income categories.

It is worth noting here that Latin America is a region that is, perhaps not obtaining the benefits of entrepreneurship

as it should (overall entrepreneurship rate for the region is somewhere between 3,5 and 9,9 % of the working population) (Castellani & Lora (2014).

Consistent with the trend in the region - in Colombia, entrepreneurship is more common among a group of older, male, highly educated individuals. Those entrepreneurs within the study are more likely to have undergone social mobility - since the number of years they studied is higher than that of their parents (Castellani & Lora, 2014).

Furthermore, research by Quadrini (1999) pre-dates this information - and found that the existence of borrowing constraints for the poor mean that entrepreneurship is concentrated among the higher income groups. So, while entrepreneurship could potentially represent a vehicle for upward social mobility in the lower classes - their ability to pursue entrepreneurship is crippled by their inability to front the capital demands of business activity. This means that households with low income have fewer opportunities to move up the wealth ladder.

Consider the view of Castellani & Lora (2014) that, lack of social mobility may well be a key reason for the extreme

levels of inequality observed in Latin America [“low intergenerational mobility transmits high inequality from one generation to the next” Castellani & Lora (2014, 01)]. And a key barrier to entrepreneurship for the poor being borrowing constraints- the implications for this thesis begin to emerge.

Given the above findings, it seems crucial that the poor have access to entrepreneurial activity (a potential engine for social change). The current barriers could be dealt with through financing facilities adapted to their needs. These shall be discussed within the context of the case study “Barú Island entrepreneurs”.

2.5 ENTREPRENEURSHIP VS POVERTY THROUGH THE OPTIC OF CONTEMPORARY LITERATURE

As this thesis makes use of Interpretive phenomenological analysis, and data from cases begins to emerge - I find it relevant to visit selected theories and concepts from modern entrepreneurship literature.

As the primary instrument of analysis throughout this research; I believe it to be valuable to identify behaviours or

personality traits among the subjects - which may respond to Western entrepreneurship theory. This will allow me to add depth to my interpretations of the participants’ reality; while providing a useful instrument by which to determine potentially repeatable characteristics that may add value, speed and effectiveness to future poverty-eradication initiatives.

2.5.1 THE CONCEPT OF CLUSTERS AND COMMUNITIES

Bresnahan, et al. (2001) studied the sources of success in regional clusters of entrepreneurship and innovation like Silicon Valley. These clusters are regional agglomerations of companies, professionals and service providers among others - which combine to provide a benefit to each of the players involved. In studying the behaviour of communities of entrepreneurs fighting poverty - the concept of clusters comes to mind as a theory to be studied, dissected and emulated so far as possible.

In their account of research into clusters, Bresnahan, et al. argue the complexity and difficulty of getting a cluster started. First, they say, one must build the economic fundamentals of an industry; then attract entrepreneurs to make it self-sustaining.

Remarkably, and similarly to some of the case studies about to be discussed; one of the clear opportunities for a cluster is that of matching a local ability or skill, with global demand elsewhere (Bresnahan, et al., 2001).

Beyond technology expertise, Stam and van Stel (2011) also propose that certain types of entrepreneurship contexts in the developing world have been a source of economic development (namely in Brazil, Taiwan and India). The key, the authors say is to think carefully about what the sources of advantage for a new cluster might be, and how they may become long-term drivers of development.

Similarly, the concept of startup communities presents itself as a model that may well hold attractive lessons for those entrepreneurial communities in the developing world.

In discussing the success of the startup community in Boulder, Colorado - Feld (2012, 18) takes a less academic, yet no less pragmatic approach in saying that: "Boulder caught fire because a few dozen entrepreneurs believed in their hearts that a rising tide lifts all boats and they derived great pleasure from helping make that happen. This can happen in any community".

In fact, Feld's (2012) model for the types of stakeholders within a successful and self-sustaining community is surprisingly simple. In his accounts, the Boulder ecosystem relied solely on two profiles in order to succeed. These stakeholders can be classed as "leaders" and "feeders". He provides rich descriptions of the desired attributes for both groups.

About "Leaders", Feld (2012, 32) specifies that these must be entrepreneurs: "Leaders are tireless in their evangelism for their startup community, put their community and geography ahead of their self-interest". "Feeders" on the other hand, are made up of a number of different roles and profiles within the community: government, universities, investors, mentors, service providers and large companies. Feld's account goes on to delineate the dynamics at play within the participants in the ecosystem. He describes a loosely organised, non-hierarchical network, in which the ruling mantra is a "give before you get" philosophy. He argues that there is no "leader among leaders".

In order to operationalize some of the lessons shared by Feld, this thesis will accept the concepts of Leaders and Feeders. Furthermore, I will refer to the "Boulder thesis" in order to better comprehend the Boulder startup community's success:

- 1. Entrepreneurs must lead the community**
- 2. The leaders must have a long-term commitment**
- 3. The community must be inclusive of anyone who wants to participate in it**
- 4. The communities must have continual activities that engage the entire entrepreneurial stack**

The above characteristics will allow me to compare the nature of the roles found within the communities visited, while at the same time helping to interpret the dynamics within them.

When discussing the leaders within these ecosystems specifically, Feld (2012) also lists the following as desired traits to look for:

- *Inclusiveness: everyone should be welcome to the community regardless of ethnicity, background, education or perspective.*
- *Play a non-zero-sum game: the more activity within the community, the better. Approach every contribution to the ecosystem as a positive to all actors, rather than assume that where there is a winner, there must be a loser.*
- *Be mentorship driven: “Give before you get”, be willing to provide support and advice to members of the community without necessarily expecting an immediate return.*
- *Have porous boundaries: Leaders should talk to each other and share ideas, strategies, relationships and resources (Feld, 2012-53).*
- *Give people assignments: Throughout the life cycle of a community, new people will want to get involved. In these situations, it is key to be able to tell whether the person could become a contributor to the system as a whole; and if so, whether they are “doers” or “leaders”. Giving people assignments, and observing their approach toward assignments, is a great way to accomplish this.*
- *Experiment and fail fast: Feld (2012, 55) says communities need to act like lean startups. They must run experiments, measure the results and pivot when things are not working. Leaders must be able to kill initiatives that do not work and place more effort and resources behind those that do.*

In the analysis section, I shall use Feld's description of these leader traits as an instrument to analyse the behaviour of potential leaders across the sites in the thesis.

2.5.2 THE NEW ARGONAUTS

Without realising she might also be outlining a recurring persona within necessity entrepreneurship communities, Saxenian (2007) puts forward the concept of "new argonauts".

The new argonauts are a group of foreign-born professionals who possess the skills, knowledge, linguistic, cultural abilities and networks to return to their home country and take up a role - either as a leader or a feeder in the community. She mentions that one of the greatest outcomes of the role of these new argonauts is knowledge that is exchanged, and technology transferred faster and more flexibly than by big corporations.

2.5.3 EFFECTUATORS AND BRICOLEURS

In arguing for effectuation, Sarasvathy (2001) explained that the difference between causation and effectuation lies in the choice of means to create a particular effect

(causation); and choosing between many possible effects using an available set of means.

This logic allows entrepreneurs set within circumstances of resource deprivation, to utilise the tools and resources immediately available to them - to effect positive change. Effectuation is based upon four basic principles:

1. ***Affordable loss: experimentation with a limited set of means in order to arrive at the best possible outcomes***
2. ***Strategic alliances rather than competitive analyses: An effectuator would rather rely on strategic allies in order to reduce uncertainties, rather than upon competitive analyses***
3. ***Exploitation of contingencies rather than exploitation of preexisting knowledge: effectuation is better than causation at exploiting contingencies that occur during a task or initiative***
4. ***Controlling an unpredictable future rather than predicting an uncertain one: this is based on the logic that, so long as we are able to control the future, we do not need to predict it. This is***

***illustrated by marketing creation (effectuation)
vs market identification (causation).***

Not wildly unlike Effectuation is the principle of entrepreneurial bricolage (Baker & Nelson, 2005). Entrepreneurial bricolage relates to the process by which entrepreneurs in resource-poor environments are able to produce positive outcomes by recombining the resources at their disposal while challenging accepted definitions and limits (to “make do” with whatever is at hand).

Baker & Nelson (2005) discuss that most organizational entrepreneurship is marked by conditions of resource constraints. Field research across the case studies in this thesis will also make mention of any instances of Effectuation and Bricolage that are witnessed.

2.6 MICROFINANCE AS A TOOL IN POVERTY ERADICATION

A recurring theme throughout this literature research has been multiple authors’ proposing lack of access to credit as a key barrier to breaking the cycle of poverty. McMullen (2011) sees it as a proximate cause for, yet falls short of calling it the root of extreme poverty - a position this thesis accepts.

Allison, et al. (2013) recognise that obtaining capital investment constitutes a key step in establishing a venture. However, in developing economies - and particularly in settings of desperate poverty, the impoverished can find it greatly difficult to secure credit. This gave rise to the concept of micro-lending.

But it actually is research by Quadrini (1999), which we discussed earlier that begins to illustrate how an inability to obtain credit plays a role in the poverty cycle many are subjected to. In Latin America, borrowing constraints for the poor mean that entrepreneurship is concentrated among the higher income groups. Entrepreneurship may well provide some of the region’s poor with an important vehicle for social mobility, yet this option is denied to many of them.

McMullen (2011) joins this discussion around the origins of microfinance by retelling an instance in Bangladesh where women making bamboo stools, who, for the want of USD 27, were trapped in a cycle of poverty because of exploitation by a middle man.

However, this seemingly all-effective business model for good also has its pitfalls. McKague & Oliver (2012) explain that, as the microfinance industry has matured - more studies have been carried out attempting to establish a link between microcredit and poverty reduction. The findings are mixed, but particularly concerning is the finding that a considerable amount of these loans are used for consumption rather than business activity. These accounts are of significance to this thesis and will form part of the discussion as we analyse the case study of entrepreneurs and women entrepreneurs in Barú Island, Colombia.

2.7 RESEARCH FRAME OF STUDY

In order to guide field research throughout this thesis, I have filtered through the numerous references this review has relied upon, and created a frame of study I consider to be holistic and flexible (Figure 2.3).

FRAME OF STUDY

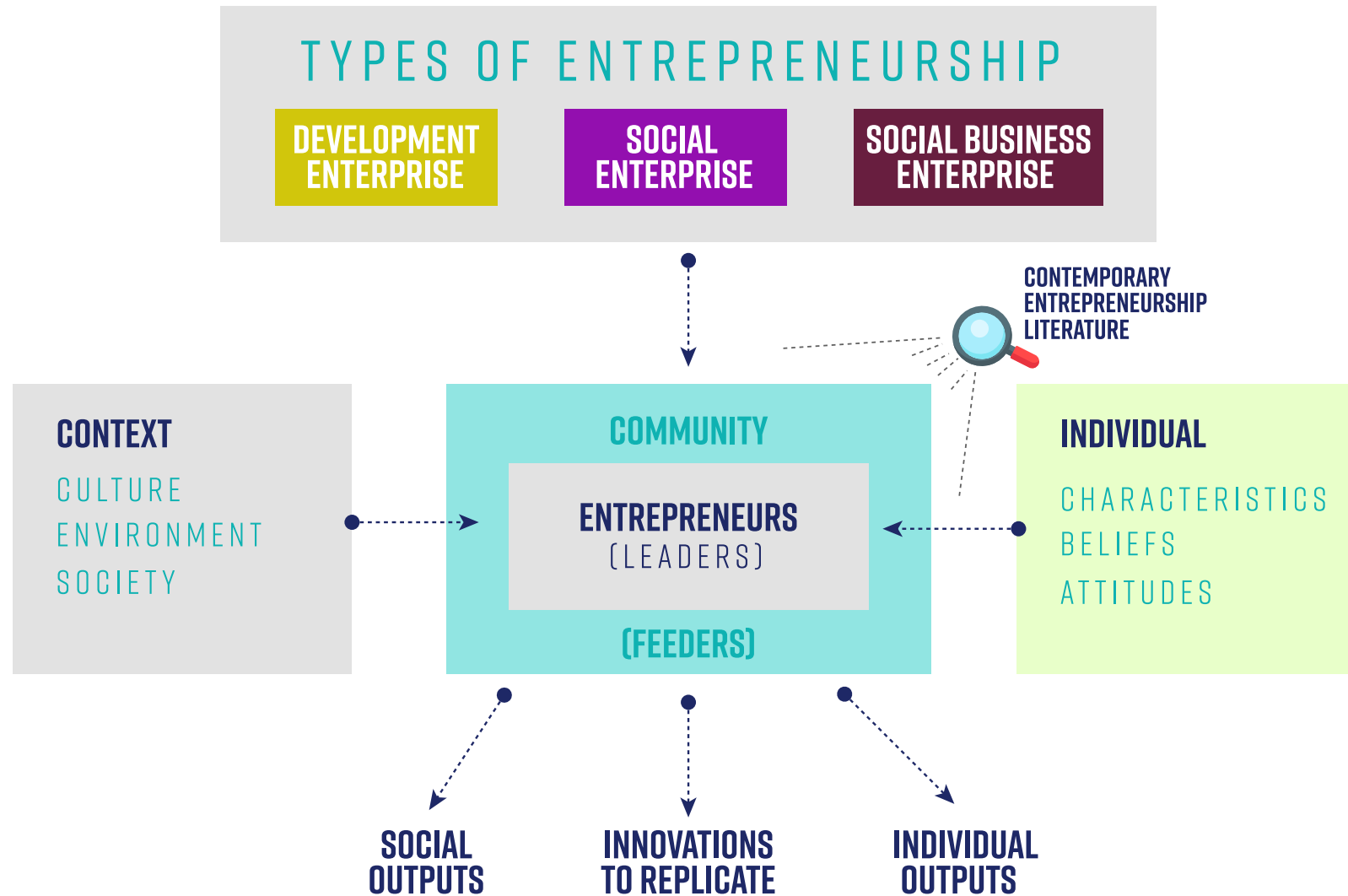


Figure 23. Research frame of study

When stepping into communities grappling with varying levels of poverty; and attempting to understand the dynamics at play at their core, as well as the different actors - I shall first assess the context in which the business activity is set.

After this, I shall look at the types of business configuration being used (McMullen, 2011), as well as the roles between leaders and feeders (Feld, 2012). This will provide an idea of any common factors in-between cases when it relates to the community.

I will then make an analysis of the agents themselves, with further help from Dana (1997) and Feld (2012). This will provide me with an understanding of their motivations and whether their characteristics would make them into leaders or feeders.

Post-analysis, the above will provide me with answers to the research questions, most importantly forming a picture of the most salient, common characteristics found in communities using entrepreneurship to combat poverty in developing economies - with a view to understanding what could possibly be replicated.

Given the amount of data collected from the communities that participated in the research, I have created a number of matrices that will facilitate cross-case analysis and a reasonable degree of generalisation of my method; however, due to the highly inductive nature of the field work, it is understandable that replicating the results would be highly unlikely. I will discuss this further within the research sections.

In creating these cross-case analysis matrices, I have relied upon general descriptions of necessity and growth entrepreneurship to first frame the economic activity of the regions under study. McMullen (2011) has provided me with this instrument, as well as that to be able to assess whether such activities are under the configuration of social enterprise, social business enterprise or development enterprises.

Subsequently, when analysing the context of the communities within which the enterprise activities are carried out, McMullen (2011) has laid out the criterion of infrastructure.

UNEP (2006) highlighted the importance of the environment as a source of sustenance for the poor; Sarasvathy (2001)

and Feld (2012) lay out the impact of extended networks and partners; and Benabout & Tirole (2006) touch upon the disposition of the individual towards the existence of a “just world” and the perceptions of work and rewards - which I consider a crucial optic through which to make an attempt to pin down an interpretation of the individual’s actions and their role within the community.

Stepping into the communities, and as a frame of reference, I shall discuss the general enterprise activities carried out in fighting poverty at the local level; and the different elements of a sustainable “community”, as per Feld (2012).

Due to the use of interpretive phenomenological analysis for processing the data, I shall take different vantage points in breaking down the characteristics and general profiles of the leaders and feeders at the heart of entrepreneurial activity. For this, McMullen (2011) delineates three aspects which are key to the undertaking of business activities: expectations, motivation and ability; McMullen (2011) and Saxenian (2007) also provided the basis for an instrument through which to view the “nature” of these agents: endogenous, exogenous or “new argonauts”.

In crafting rich descriptions of the leaders and feeders

within the study, Dana (1997) outlines three criteria I shall evaluate, which are: need for achievement, innovativeness and calculated risk-taking; while Benabou & Tirole (2006) once again assist in framing how individuals create meaning within their world and the potential rewards for their efforts.

And finally, as fodder for providing an analytical account of each case, I will be assessing the different factors, conditions and actions at play through Baker & Nelson's (2005) bricolage, Feld's (2012) communities, Sarasvathy's (2001) effectuation, Saxenian's (2007) new argonauts and Verganti's (2009) design-driven innovation. These last five sources will assist in identifying key characteristics that may be replicated with a reasonable degree of ease across communities engaging in poverty eradication through entrepreneurship in other regions of the world.

CHAPTER 3:

RESEARCH DESIGN AND METHODS

This chapter details the approach and methods used to answer the presented research questions. Due to the inductive nature of this thesis, new themes and critical topics surfaced along the research process - which led to multiple interpretations and iterations of key research questions; as well as slight changes in scope in relevant theory. These are discussed throughout the paper.

More insight into the researcher's thought process can be gained through extensive research notes and reflections noted in my field diary. The main research question for this thesis then became: "What are the most salient, common characteristics found in communities using entrepreneurship to combat poverty in developing economies?".

A number of supporting research questions were drafted in order to extract additional value from field work and will be discussed below. I would like to acknowledge that, due to the potentially uncountable permutations of communities found in the developing world (Geography, nature, language, reasons for poverty, local culture, etc); this research is highly interpretive - and hopes to serve as a mere first step in finding a repeatable model that can expedite the way communities eradicate poverty.

More extensive research is no doubt needed across numerous nations and regions, in order to help validate, or deepen upon these findings. Due to personal and professional motivators, critical cases in Indonesia and Colombia were the focus of research. May this paper serve as an invitation to academics of similar, or related backgrounds to expand on this knowledge - and share their findings within different markets. Much of this research design process was aided by the invaluable work of Gray (2018).

3.1 RESEARCH QUESTIONS

The main purpose of this thesis is to act as the first step in constructing a repeatable model for fighting poverty at the community level in almost any region. This model should allow for leveraging success cases from Indonesia and Colombia within new contexts; while outlining key considerations required for adapting these actions / factors for a local environment. The research questions are:

1. *What are the most salient, common characteristics found in communities using entrepreneurship to combat poverty in developing economies?*

2. *What are different forms in which entrepreneurship is being used to fight poverty?*
3. *What material or immaterial innovations within these communities could potentially be replicated to the benefit of the poor elsewhere?*
4. *What local factors (i.e. culture, safety, environment) should be considered when pursuing business-driven initiatives against poverty at the local level?*
5. *What are the implications of contemporary entrepreneurship literature within poverty contexts - particularly concepts such as: “the new argonauts”, “effectuation”, “ecosystems”?*

3.2 RESEARCH APPROACH

In order to collect data from the field in a way that helps answer the primary and supporting research questions, an inductive study was conducted.

The data collection for this thesis was qualitative in nature - done at the case level from an interpretivist theoretical perspective, and using interpretive phenomenological analysis (IPA). This method allowed me to assume an

insider's perspective and act as the primary analytical instrument (Gray, 2013). The reason for this being, my own experiences in the cultures under study (Indonesia and Colombia); plus a track record of working in digital product innovation and entrepreneurship. The timeframe of the research was cross-sectional.

The findings of the research, although not immediately generalisable, do emphasise what aspects from the different cases could be adapted in other regions to create a higher likelihood of success and impact. Through interpretive phenomenological analysis, and my knowledge of contemporary entrepreneurship theories - I will compile what aspects of each community fulfil this criterion.

3.3 CASES

Field research took place in specific locations in Colombia and Indonesia. Selection of these cases followed critical case sampling due to their uniqueness; as well as the range of poverty conditions encountered at each one.



3.3.1 MUNTIGUNUNG



Figure 31 Location of Muntigunung, Bali

3.3.1 SOCIAL ENTERPRISES IN MUNTIGUNUNG, BALI

In northeast Bali, located approximately a two-hour walk from the shores of Lake Batur, lies the Muntigunung region, Karangasem. This area is made up of 36 hamlets, or villages and boasts a population of over 6000 people.

Due to a number of factors, such as lack of water, geographical detachment from the Balinese tourism hubs; complex weather patterns and a proneness to landslides as well as poor soil quality - in addition to general neglect by government; the inhabitants of the Muntigunung region have been immersed in a level of poverty far removed from the eyes of the swarms of tourists who visit Bali.

For years, Muntigunung has been synonymous with begging people in Bali. Locals from the different hamlets making up the area have, for decades, made the pilgrimage to go begging in some of the hubs that attract commercial activity and tourists in Bali: Ubud and Denpasar being two of their main destinations. In some cases the trip lasted between half a day and a day-and-a-half. It is done through rough mountain terrain and dense vegetation - sometimes in scorching temperatures. On a social vector, begging as

an activity did not suffer from the stigma it has in Western society; this contributed to further entrenchment of the practice for generations.

Furthermore, Muntigunung natives engaged in begging developed an entrenched dependency upon the “easy money” or instant gratification of their begging activities. This example from parents ensured that new generations would also lack opportunities for any personal or professional development, perpetuating the poverty of the community. The general livelihood problem was exacerbated by non-existent infrastructure for a dignified living: up until approximately 11 years ago, residents of Muntigunung had no access to water, health services or education - some of the cornerstones of gainful economic activity. Presuming the inhabitants of this forgotten region could ever form an idea of starting a business, let alone having access to the capital or resources required to do so were simply naive.

A Swiss-Indonesian non-profit organisation, Future for Children intervened in order to enable a better quality of life for the residents. Their team forged partnerships with local Indonesian non-profits and carried out a number

of benchmark studies to assess the real needs of the populace. The results of the Livelihood assessment of the Muntigunung region concluded that the problem of poverty was three-fold: natural problem, natural resources and human resources; hence pursuing solutions aimed at improving the livelihood of the residents would likely fail due to its inability to address other aspects. Making any kind of meaningful difference would require a comprehensive, long-term effort and would need to leverage a participative approach. The development programme then was decided to be based upon four measurable objectives that would lead to the increased chance of success of entrepreneurial initiatives that would bring about a lasting improvement in quality of life of the residents of “Munti”:

- 1. Secure a water supply of about 25 litres of water per person per day**
- 2. Educate adults and create at least one job per family with an average income of around USD 100 per month**
- 3. To provide adequate education for all children**
- 4. Child mortality rate reduction of 50 %**

Nowdays, the Muntigunung region is host to three viable

enterprises that employ upwards of 200 residents and continue to grow based upon resourcefulness, creativity, leveraging the skills of the locals and a wide network of partners both in Indonesia, as well as in Europe.

A cross-sectional case study was carried out using interpretive phenomenological analysis, in order to better understand the key success factors and impact of enterprise-driven initiatives at providing employment in this region marred by poverty - with a view that a repeatable model may be created by future research.

The data collected includes a number of semi-structured interviews with leaders and feeders in the community, as per Feld (2012); participant observation within activities by one of the social enterprises at the heart of entrepreneurial activity in the region; non-participant observation across the other two social enterprises; and analysis of secondary data. Biographical data and business data questionnaires were also sent to selected subjects in order to help form a better picture of how the community operates. It also became possible to identify specific strategic decisions by the stakeholders that are related to contemporary entrepreneurship by Saxenian (2007), Verganti (2009), Baker & Nelson (2005) and Sarasvathy (2001).

Consent for data handling and use was obtained from each respondent.

Of necessity, the following diagram captures the makeup of a growing enterprise ecosystem that relies upon local manual work, local leaders selected to be owners/administrators of the social enterprises, exogenous leaders who mobilise cross-disciplinary specialists on-demand, and an extended network of feeders from within Indonesia and abroad (based on Feld, 2012).

The evidence from the interviews, as well as observation reveals that, in the face of resource constraints and serious human resource deficiencies (poor health, lack of education, ill-based traditions and attitudes); it is in fact possible to utilise entrepreneurial bricolage and effectuation to fuel viable enterprise activities that successfully engage the local community and empower the residents to take control of their own destiny. Another theme relates to the way that a thriving community can be built around leaders in order to generate social impact revenue - and the distinct profiles needed to accomplish such.

Furthermore, one of the strongest emerging themes when it comes to future development of these initiatives is the possibility to attract and motivate marketing and branding experts from abroad (either as consultants, or as volunteers) to assist the social business enterprises in identifying new potential markets and developing positioning strategies that will result in added demand for the products developed locally. Further findings indicate that a “hierarchy of needs” also applies to communities, in that people’s basic needs need to be reasonably fulfilled prior to sustainable commercial activities taking hold.





3.3.2 LES VILLAGE



Figure 32 Location of Les Village, Bali

3.3.2 LES VILLAGE

Located near the northern tip of Bali, in the Buleleng regency is the coastal village of Les. The village has traditionally been a fishing hub where ornamental fishing has been one of the chosen commercial activities of independent fisherfolk. Approximately 7000 people live in the village, 1500 of whom work as fishermen (UNEP, 2006).

The Buleleng Regency is home to some of the poorest people in Bali, which is why it has been the focus of a case study by the United Nations Environment Programme's integrated assessment of Indonesia's poverty fighting strategy paper (2006).

Poverty has long been associated with the region, however the case of Les is particularly intriguing due to the complexity and interconnectedness of factors which led to conditions of poverty: a lack of development, poor tourism infrastructure, behaviour by local actors, cultural norms and environmental degradation - to name a few.

Ornamental fishing in the region began during the early 1980's, when a number of fishermen from a hamlet inside

Les realised they could augment their income by switching to fishing for aquarium fish, rather than pelagic fish. Very quickly, news of the activity spread and the practice grew. Unfortunately, one particular practice (though not the only one) at the heart of the new business activity would have dire consequences for the environment and the local economy - cyanide use.

Fishermen learned the practice of using cyanide for catching aquarium fish from fishermen hailing from the Philippines. The cyanide, sprayed from a bottle into the coral, would stun fish - so they they would become easy to catch. In addition to hurting the reef and making the fish more fragile for transport (a large percentage of the fish perished before even leaving Indonesia for foreign markets); the cyanide posed a hazard to the health of the fishermen, who paid little mind.

With the corals being destroyed, and fish stocks decreasing - fishermen were forced to embark upon fishing trips farther and farther away from Les. This made the practice of fishing far less profitable for the villagers; and the cycle continued thereon.

Faced with decreasing revenues in an already poor region, and with no other options of a viable commercial activity; the fishermen were taught new fishing techniques for catching ornamentals by non-destructive means. However, targeting fishing practices alone would not bring about economic recovery. A more integral effort would be required that allowed for participation of different stakeholders: fishermen, the villages, environmental experts, resort owners nearby, NGOs and academia among others. The result can be summed up as a number of initiatives aimed at targeting different aspects of the vicious cycle of poverty at play:

- ***Education on non-destructive fishing techniques***
- ***Outreach to the community to create a renewed sense of responsibility for the conditions of the environment***
- ***Opening of an aquaculture centre in the village***
- ***Training of the fishermen on aquaculture methods***
- ***English education and alternative subjects***
- ***Reef rehabilitation programmes***
- ***Exploration of tourism as a potential new economic activity to benefit local communities***

Today, tourism activity in Les has experienced marked growth, and some of the recovery actions have shown to hold value and appeal to tourists. There are at least two successful reef rehabilitation programmes underway; and fishermen communities have been empowered to become the guardians of the region's natural resources, starting with ocean.

A cross-sectional case study of activity in the area was conducted using interpretive phenomenological analysis, in order to better understand the different social, cultural and economic factors at play in the decline and partial recovery of the zone. This is done with a view to identify salient features of the newly established business community in Les; and determine if / how some of these may be adopted to aid in the success of communities fighting poverty elsewhere.

The data collected includes a number of semi-structured interviews with local and foreign leaders and feeders in the community, as per Feld (2012); secondary data analysis, biographical and follow-up questionnaires with selected stakeholders; as well as participant observation across activities by two separate social enterprises - one involving

construction of artificial reef structures, the other doing a visual inspection of underwater reef structures and ocean conditions.

The research also allowed to identify deliberate and specific strategic activities by the stakeholders that are related and discussed in the light of contemporary entrepreneurship by Saxenian (2007), Verganti (2009), Baker & Nelson (2005) and Sarasvathy (2001).

Consent for data handling and use was obtained from each respondent.

Of necessity, the following diagram captures the makeup of a growing enterprise ecosystem that relies upon local domain expertise, local leaders selected to be champions of environmentally-aware practices, feeders who base themselves close to those who need support; and the external feeder network that provides the revenue.

The evidence from the interviews, as well as observations revealed findings across different vectors: social, economic, environmental.

Social: It is possible to enact behavioural change within the community when a participative approach, based upon the protagonism of local leaders - is applied.

A great deal of creativity is displayed by individual members of the community, which cannot be entirely leveraged in the absence of a community.

Economic: Even in the face of degrading environmental conditions, an overarching messages of “changing for the better” and “reef rehabilitation” have proven valuable in attracting new segments of tourists in search for unique and genuine experiences as part of their travel. As soon as the local community understands that income could also come from tourism activity, their behaviour also begins to change for the better and desire for self-development is awakened. This is reflected in better care for the environment by the community, as well as efforts to learn new languages by members of the fishing community who cannot read nor write.

There is great value in being able to attract experts from abroad (either as consultants, or as volunteers) to assist the social business enterprises in identifying new potential

markets and developing positioning strategies that will result in added demand for Les as a destination; as well as the local products. Likewise, social business enterprises in environments where poverty is rife are becoming more technology savvy. Digital platforms are nowadays being utilised by these communities for many different purposes, including raising capital (crowdsourcing), helping researchers in the Western world with local data, attracting volunteers and financing internships and ecotourism initiatives, among others.

Environmental: natural resources are the sustenance of the poor across Bali. Different communities elsewhere in the world will inevitably display different characteristics, nonetheless; it is clear that poverty-eradication initiatives must take stock of the environmental situation in their general surroundings and consider them in their strategy.



3.3.3 BARÚ ISLAND, COLOMBIA



Figure 33 Location of Barú Island, Colombia

3.3.3 BARÚ ISLAND, COLOMBIA

Located just 40 km south of the World heritage-listed city of Cartagena, in Colombia is the island of Barú.

The location used to be a peninsula, but because of the construction of the “Canal del Dique” in 1582 by the Spanish - it became an Island. One that could not be accessed by anything other than boat or ferry up until 2014, when a historic new bridge once again connected it to the mainland - bringing with it considerable social benefits and disadvantages.

Barú Island is home to approximately 20-thousand people, and the majority of its population is of African descent (Afro-Colombians). Much like the bridge situation, this affords them advantages and challenges. The island is full of dichotomies, tourism is its main economic activity - hordes of tourists warm the only public beach on the island (“Playa Blanca”) each day, while a considerable portion of the population lives in poverty and their towns suffer from lack of development.

The island is made up of three townships: Ararca, Santa Ana and Barú. By some accounts, “Playa Blanca” is considered

its own town - that is how critical the tourism activity on it is to the economy of the island - directly or indirectly.

But even the tourism windfall brings with it threats and opportunities for the population of this region. Barú bears a remarkable difference from the Muntigunung and Les Village cases - as influential as it is, tourism is not the only viable occupation for everybody - and some of the islanders choose instead paid work in Cartagena (made significantly easier because of the bridge); or starting their own business. For those people with entrepreneurial inclinations outside of the tourism bubble, though - obtaining financing can be a challenge, and a number of NGOs are stepping in.

These NGOs (and specifically the Hernán Echavarría Olózaga foundation) play a key role in empowering entrepreneurs who show traits of resourcefulness and creativity, not just by providing “nano-credits” to these blooming business people - they carry out a range of initiatives that form a holistic tool to help them fight poverty.

A cross-sectional case study was conducted in the area to illuminate how an entrepreneurial ecosystem may be

created in such a complex environment; who the key actors in the community are and what characteristics they display - in addition to how they perceive and construct their reality in the community. Attention was also paid to the efficacy of micro-loans as a potential business enabler; as well as what considerations need to be in place to ensure they fulfil their purpose.

The data collected includes semi-structured interviews with local leaders and feeders in the community, as per Feld (2012); secondary data analysis and non-participant observation of the entrepreneurs in their business environments. Biographical and follow-up questionnaires were sent out to selected stakeholders, however only one was sent back. As an evaluative note: due to an accident at a nearby town without electricity or running water, the recording device in which the interviews were captured was rendered unusable before the content could be backed up. Therefore, no recordings of the interviews are available. Consent for data handling and use was obtained from each respondent.

Of necessity, the following diagram captures and simplifies the makeup of a fairly complex entrepreneurial ecosystem

that relies upon, and empowers entrepreneurs with a proven drive to undertake business activities.

The evidence from interviews, observation and questionnaires revealed that a small cash injection in the form of a micro-loan can indeed be an effective method in removing barriers to entrepreneurship in poverty settings, however the process of selecting the right entrepreneurs for this type of credit must pay attention to a number of factors. The following ones are without a doubt of a nature that is local to Barú and should be understood as a guide for localised ones:

- *The entrepreneurs who applied for micro-credits were often people with just ideas, who may or may not have the wherewithal to pursue business activities in the face eventual of difficulties. In order to avoid financing the activities of a person who may not pursue a business after all - the foundation emphasises people who have already commenced a commercial activity on their own*
- *Prior to offering a credit, the entrepreneurs are interviewed in order to ensure it is actually*

themselves who are applying for the credit. Cases have occurred when a relative or close friend manipulated the entrepreneur into applying for the credit to cover their own debts

- *Micro-credits can be combined with other measures to achieve an integral means of support to the entrepreneur. The foundation offers a certain stream of micro-credit to women entrepreneurs and works with recipients in order to help them create a “life project”. This is a document in which they express what they wish to get out of their business, and accomplish for themselves, their family, their home among other areas. One example was given of a female entrepreneur who had suffered from domestic abuse for a long time, and when empowered by the funds to start her business, her own business and the thought process involved in writing her “life project” mustered up the courage to stand up to her abuser and walk away from the situation.*
- *Entrepreneurs in this category are naturals at “bootstrapping”. They understand their limitations and grow in small increments,*

maximising the value they get out of the resources at their disposal.

- *One of the most significant benefits of starting a business for a number of people in the region is not financial. It is the confidence they gain from running their own enterprise.*



3.4 SAMPLING, DATA COLLECTION AND ANALYSIS METHODS

3.4.1 SAMPLING

Critical case sampling was used to select the sites visited, due to their being particularly important and distinct across a number of criteria:

- ***Varying levels of poverty and infrastructure***
- ***Varying levels of living conditions of inhabitants***
- ***Different underlying reasons for poverty***
- ***Multiple configurations of entrepreneurial activity found***
 - ***Social Enterprises***
 - ***Social business enterprises***
 - ***Development enterprises***

3.4.2 DATA COLLECTION METHODS

One of the advantages of interpretive phenomenological analysis is its flexibility to rely on multiple types of data, not just interviews. This was particularly helpful while on-site, as it allowed to piece together stories from different vantage points:

- ***Semi-structured interviews with different stakeholders within three ecosystems***
- ***Field notes, including reflective memos***
- ***Secondary data, either provided, or readily available on each community***
- ***Biographical questionnaires sent to selected participants***
- ***Questionnaires detailing the attitudes of the respondents towards the ecosystem in which they participate***
 - ***Problems***
 - ***Other views***
- ***Non-participant observation***
- ***Participant observation in 2/3 cases***

Over the course of field work, I travelled over 45,000 km in order to meet with a total of 29 stakeholders between all sites; conducted a total of 13 semi-structured interviews (over 200 minutes recorded, plus over 200 minutes lost by equipment damage in Colombia); wrote over 45 pages of journal notes by hand; carried out 3 sessions of participant observation; completed 10 biographical questionnaires and 5 follow-up questionnaires.

3.4.3 DATA ANALYSIS

In analysing the body of data collected from field work and reporting on the results; I leaned upon Gray (2018) in order to adhere to a structure that would lead to a quality outcome without being too difficult to follow.

1. *For starters, the interview audio files were transcribed for the case of Muntigunung and Les Village. Unfortunately, the audio recordings for Barú Island were damaged on the island itself and other types of data had to be relied upon to provide a slightly thinner account of the ecosystem there.*
2. *Read and reflect: Subsequently, each transcript was read twice for familiarisation with the main topics, and to take into account any unusual, interesting or significant aspects.*
3. *Explore and play: Data from the field was related to interview transcripts and some general relationships noted initially.*
4. *Uploading case files to NVivo: NVivo is qualitative analysis software that allows for faster coding (Figure 3.4) and analysis of themes across cases. At this step, an “inventory of data” was compiled and all data listed uploaded to NVivo for analysis.*
5. *Code and connect: Codes were generated over*



Figure 3.4 Initial nodes in NVivo

the data for themes and some sub-themes. Frame of study literature was also uploaded in order to speed up cross-referencing.

6. Biographical data and follow-up questionnaires were analysed for reference to the codes created, and to add depth to interview accounts. This was done as part of data triangulation, and to ensure better interpretations.
7. Field notes and observation notes were analysed as per codes created; as well as in providing descriptions of the sites analysed.

Thematic analysis was used to identify recurring features within the cases studied, and drawn upon for cross-case discussion against the grounding of literature review.

3.4.4 RESEARCH PROCEDURE

Throughout my professional career, I have had the opportunity to work in Colombian and Indonesian markets among others, and had always been interested in the similarities between them. From experience, as well as during literature review, it became apparent that a number of cases of communities doing poverty eradication could be found in both countries, all of them in varying degrees of poverty and within inherently different socio-economic and contextual settings.

After further investigation, a shortlist of communities for potential data gathering was collected and contacted. Initial contact with Muntigunung, Les and Barú (among others) took place via email, after which a phone call with a representative from each was arranged in order to explain the objective of the research, as well as the needs for the data collection, topics to cover and people I would need access to.

Each community provided a reply via email or telephone, either requesting further information or declining my original requests. Once they had the information they'd requested, the visits were arranged based on this information. During the months of March and April, 2018 I visited the three communities that agreed to participate. The first two in Bali, then one in Colombia - and met with some of their key stakeholders. Across all three sites, I was hosted by a key organisation - a representative from which introduced me to the rest of my subjects. In spite of having received authorisation from every participant to utilise their data (although some potential subjects declined interviews during field work), fictional names have been used in the reporting of findings from research.

CHAPTER 4: FINDINGS

This chapter will explain how each of the communities under study displays traits laid out within the literature review; and the operationalised instruments through which I have analysed their business activities. I will first relate the key findings within each site, then proceed to provide a view of the cross-case analysis process.

Cross-case analysis was aided by a number of comparison matrices I have created, based on the most influential literature reviewed. These matrices can be used by future entrepreneurs or would-be entrepreneurs to gain a better understanding of how they can combat poverty in a different context; as well as where the endemic factors of their respective ecosystem place them in relation to the three sites I analysed.

The findings will first be re-told in the form of rich descriptions around the most crucial criteria, and then through punctual answers to the research questions.

4.1 MUNTIGUNUNG

When stepping into the Muntigunung community, it very quickly became obvious that research design for this degree of inductive studies can greatly benefit from an iterative approach. This means that early research design

was not done in consideration of the varying and numerous degrees of poverty in which people live and work around the world. Instead, it assumed “poverty” as a somewhat homogeneous condition which could be affected by the use of entrepreneurship.

As a result of this early realisation, I am devoting part of each case findings section to the description of the of poverty conditions I was able to witness and hear about from research participants; as well as how the specific poverty level impacts the nature and efficacy of business activity in the region.

4.1.1 POVERTY CONDITIONS AND LOCAL ENVIRONMENT

The region of Muntigunung has long had a name around the island of Bali due to the fact that a large number of people found begging for money around the island come from there. The area is located in Northern Bali, it is hard to reach and disconnected from any of the known tourist hubs on the island. Of the three communities that form part of this study, Muntigunung is the poorest: “36 Villages, 6,000 people, North side of Bali, up in the mountains, no road connections, people not registered, people have no ID cards, malnourished, illiterate, no school, nothing, no infrastructure” - says Michael, a respondent, during an interview.

In fact, the level of poverty in the area is so bad that entrepreneurship, or even money - would have been unable to make a meaningful contribution to poverty eradication initiatives. This is why Michael (leader of the poverty eradication efforts for the community), who has been working with the local ecosystem for almost 15 years hints that, in order to be able to provide a sustainable livelihood; a certain process of satisfying basic human needs is critical: “Now, we start with the water. Now, in order to create jobs, we need to educate the adults. So that means, if you want to educate adults (people who are begging on the road here), you have to come up with a good idea and you have to be prepared to pay them an education incentive that they do stop begging and come to get educated and start, slowly with the production.”

Once business-oriented means of fighting poverty at the local level were able to start, it became crucial to pay attention to other factors such as the engrained local culture - which ultimately plays a key role in the sustainability of such initiatives. In the case of Muntigunung, a community where begging has been one of the main activities for generations (and is seen as socially acceptable) - instant gains are prioritised above long-term benefits:

“you have to control the teachers, you have to control the capacity set up of the people, you have to organize the village, in a village where people are used to go begging. That whenever they hear about one of the beggars who suddenly got \$100,000 IDR in an evening or \$200,000 IDR they go back again. It’s clear. You see, the mindset, you don’t change the mindset of very fast. So people are on a survival mode”.

4.1.2 DESCRIPTION OF ENTERPRISE ACTIVITY

Due to desperate poverty, malnourishment and arrested development within the community, among other factors - it is not reasonable to expect endogenous leadership that results in entrepreneurship (growth or even necessity) to take place within this setting. Instead, exogenous agents who witnessed the dire needs of the local population decided to step in, initiate development programmes that tackled the underlying causes of poverty (lack of water, the environment, culture) - and then foster growth entrepreneurship initiatives.

These growth entrepreneurship initiatives have taken the form of three separate, but interconnected entities:

- ***Muntigunung community social enterprise: production of food items derived from local environment: rosella, cashew, palm sugar, moringa salt, mango, etc.***
- ***Muntigunung community social handicrafts enterprise: production of handmade goods for export, such as hammocks, baskets and bags.***
- ***Muntigunung trekking: ecotourism initiative which guides a small number of select tourists on a hiking tour of the mountains surrounding Muntigunung, and which some of the local beggars used to take on their way to tourist hubs such as Ubud and Denpasar.***

Between the three social enterprises, approximately 230 jobs have been created - which is approximately 20 % of the target for the local communities (one job per each of the 1100 local families). The companies have been able to secure a number of partnerships in Indonesia, as well as Europe for the sale of their products - and their revenues come from sales, as well as low-interest business loans issued by the Future for Children development fund. When taken in aggregate, these enterprises are profitable - which means they have gone past the definition of social

enterprises, and are now closer to the definition of social business enterprises, as per McMullen (2011).

4.1.3 DESCRIPTION OF ECOSYSTEM

In describing the connections and dynamics at play within the Muntigunung entrepreneurial ecosystem, I shall refer back to Feld (2012) in that the term “agents” encompasses every participant within the community. Leaders are the entrepreneurs and the term feeder describes everybody else around them.

Michael, a citizen of Switzerland has been the driving force behind the recovery effort at Muntigunung. However, his realisation that endogenous leaders would be better suited for running the enterprises in the long run led to them engaging three Indonesian leaders to be the owners and managers of each enterprise.

The ecosystem sees these three endogenous leaders receive heavy support and mentorship from exogenous leaders of varying professions and levels of experience; who can activate their own networks to provide the enterprises with the specialised skills they need to thrive. This support

system wraps itself around the local communities, who do not simply receive charitable donations - but are engaged themselves (hence the term “engaged beneficiaries”. The implications of the term “engaged” are many:

- ***It provides them with guaranteed income they can use to support their families***
- ***It allows mothers to remain in the village working, so their children can attend school***
- ***It teaches them new skills they can pass on to their children***
- ***It creates community, by gathering the workers and their families within the town centre each day***
- ***The now empowered workers experience higher self-esteem and self-respect***

As mentioned previously, the degree of poverty found at Muntigunung is such that, the locals’ ability to step outside the norms and make the connections that lead to creative formation of business ideas has been severely crippled. Instead, their struggles and limitations were noticed by exogenous actors, who clearly display at least two of the three vectors outlined by McMullen (2011) as the drivers

of entrepreneurial action: Expectation and motivation. When it comes to ability, Michael, who is the first identified leader of the Muntigunung site as per Feld (2012); had this to say: “as a former bank manager, I really don’t know how to develop a community in Balinese culture of the northern side of the island. You see, if you suddenly realize what you intended to do if you are talking about helping or organizing help. You need to understand that you are not capable of doing it. You need to understand that you need help.”

This statement hints at a lack of preparedness for the development initiatives needed within a community living in desperate poverty, however - evidence of his abilities when it comes to leading a business ecosystem (Figure 4.1) is abundant and should be credited with the relative success of poverty eradication in Muntigunung. I shall discuss this in more detail within the next section.

MUNTIGUNUNG

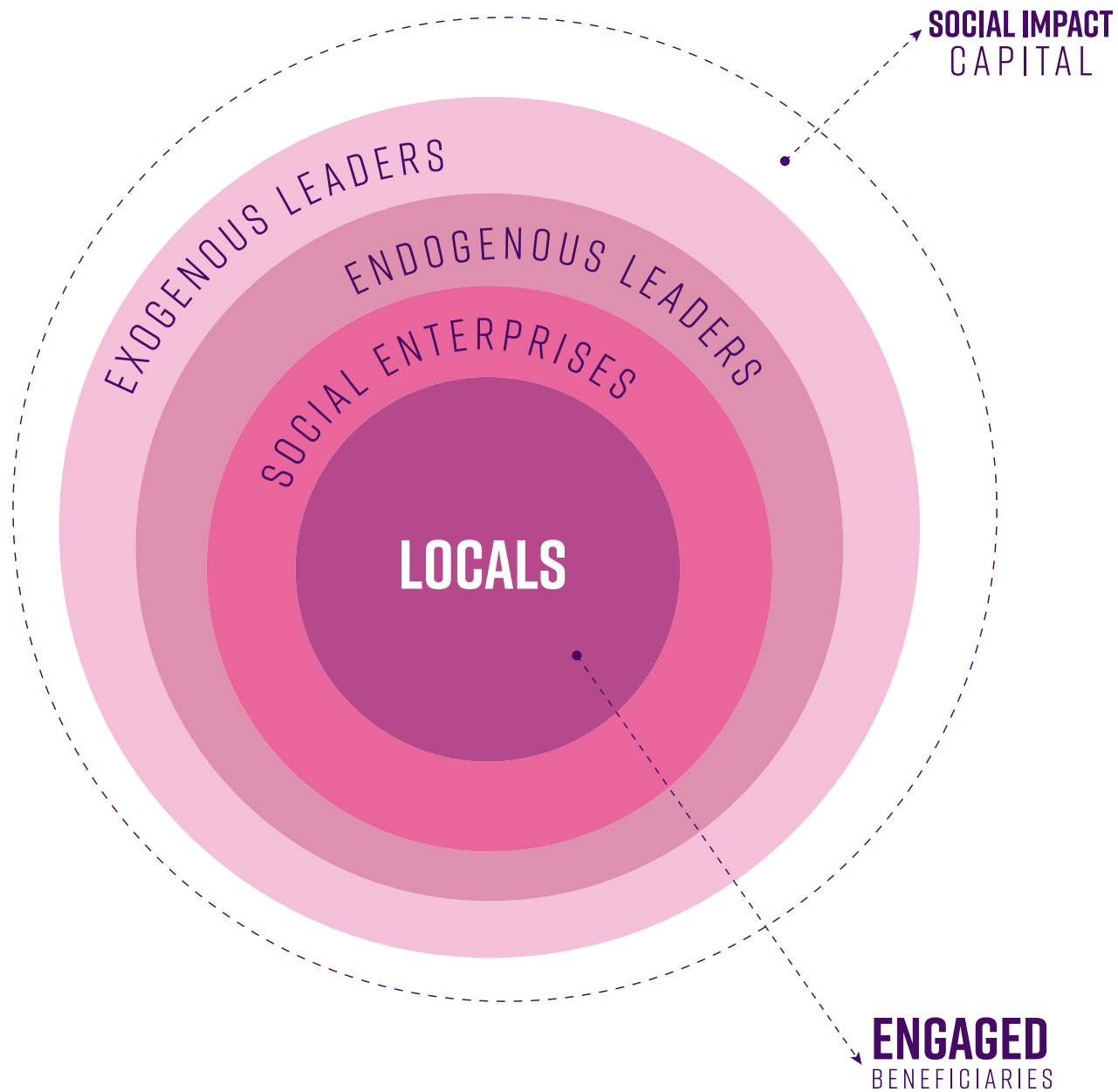


Figure 41: The community makeup of Muntigunung. Based on Feld (2012)

4.2 LES VILLAGE

4.2.1 POVERTY CONDITIONS AND LOCAL ENVIRONMENT

Les Village is located in the Buleleng Regency, on Bali's North coast. This region sees considerably lower volumes of tourism than the more developed resort areas in Bali's south - and therefore relies on other primary sources of income.

Les has long been known for its fishing activity. Locals have engaged in the activity for generations, with one particular modality becoming commonplace in the 1980's - ornamental fishing. However, destructive fishing practices (cyanide use) became the norm among the fishing community - which caused grave damage to the reef ecosystem of the region, and had a detrimental financial effect on the community (in addition to posing a hazard to work with), as well as tourism revenues (UNEP, 2006).

The Indonesian government has implemented different approaches in its intention to fight poverty at the national level since the 1970's. During such period, a basic-needs approach was employed - aimed at providing access to food,

health, water, sanitation and shelter for the population. Unfortunately, this approach ignored the complexity of poverty and thus it did not account for the lack of social infrastructure experienced in some poverty contexts.

Improvements were seen during the 1990's and an empowerment approach was utilised. A promising attempt in that it emphasised development of human resources in addition to basic needs and distribution of tangible assets such as land or capital. A focus upon innovation and experimentation was assumed, and local communities had access to grants between 20 Million and 60 Million IDR (UNEP, 2006) to boost the economic activities of the poor.

For all its improvements in comparison to previous efforts, this empowerment approach too broke down. This time, the policy failed to account for local culture - village leaders were dominant at the local level and decision-making power did not trickle down to the people (UNEP, 2006).

More recently, a rights-based approach was employed. One which gave citizens a strong basis for making claims and hold states accountable for their welfare and development in terms of food, education and a healthy environment.

Issues stemming from this paradigm included the fact that it attempted to encompass too large a region and that it only relied on one key metric for determining its efficacy (daily caloric intake of 2100 cal). Of critical consequence for Les village were that it failed to consult the poor in its planning, development, implementation and monitoring; as well as that links between poverty and the environment were not examined (UNEP, 2006).

In reviewing these different approaches to top-down poverty eradication attempts; as well as collecting case-level data - a strong argument can be made for the importance of ground-up efforts that can take into account factors such as local environmental issues, gender issues and the role of women; social norms and local culture among others.

The current situation in Les is a promising one. This relatively remote village, largely overlooked by tourism; and harmed by destructive fishing practices that significantly affected one of their core sources of livelihood - is now rebuilding itself on the back of a participative, holistic, ecosystem-based effort involving local leaders, NGOs, private enterprises, social enterprises, charitable donors and even retailers in the UK.

Les acts as a critical example of a community that possesses sufficient basic infrastructure to drive business activity; however is at high risk of falling into poverty by mismanagement or destruction of its natural resources. Gertrude, who leads a local aquaculture training centre had this to say: “we have volunteers and they only stay like... they plan to stay for 12 weeks... for 12 months, but it’s too isolated for them; too lonely for them.”

4.2.2 DESCRIPTION OF ENTERPRISE ACTIVITY

As outlined in the previous section, the core business activity in Les is ornamental fishing. Although it is seen by some local players as an industry in decline, it still plays a pivotal role within the community’s social dynamics; as well as its exploration of alternative sources of livelihood, such as ecotourism. “This used to be the biggest ornamental fishing village area in eastern Bali. They are now only 2; Les and (unclear). Now, Les still has the biggest, but when we started to work here until now, I think they reduced very significantly. There is no young fishermen.” - said Gertrude.

Gertrude’s comments also touch on the importance of ornamental fishing due to its role within the ecosystem

and the skill set of the region's residents: "Not everybody working in the tourism industry, you know? Some people still want to do fishing. So, because there is no other choice or because I don't graduate from schools or because that's what they know".

However, Les's case is quite complex in a way that demands more attention by social, environmental and business researchers. It was due to the intersection of these factors that an Indonesian conservation NGO, LINI (Yayasan Alam Indonesia Lestari) decided to set up an aquaculture training centre at the core of the fishing community. Their involvement, as well as that of a local social enterprise (Sea Communities) has turned what Gertrude describes as "a dying livelihood" into a springboard for exploration and discovery of new sources of revenue that is beginning to show social, business and environmental results.

By working closely with local leaders within the fishing community, LINI has begun training an influential group of fishermen on "low-tech fish breeding practices". They operate out of their local aquaculture training centre and boast a team made up of fisheries scientists, biologists, argonaut interns, and volunteers who represent different parts of the ornamental fishing value chain.

Their work is crucial in poverty eradication for myriad reasons. I shall describe it as a linear process for the sake of simplicity, however it would not be realistic to expect such linearity to occur among the stimuli and effects at the core of future community-level poverty eradication initiatives.

LINI has recruited Wayan, a local fisherman who displays a range of traits that is strategically valuable: long-term ornamental fishing (destructive and non destructive), leadership, assertiveness, willingness to learn English and a standing of influence among the fishing circles. By working with LINI, Wayan receives a guaranteed income for his work at the training centre and is crucial in the sharing of aquaculture and sustainable fishing knowledge from the scientific community to the fishing community.

By learning about low-tech aquaculture practices, local fishermen can breed certain species of fish "at home" - as described by Gertrude; and accomplish multiple tangible and intangible benefits:

- ***Ability to sell stronger, healthier fish and increase their own income and reputation. Mortality rates among fish caught with cyanide were between 5 and 75 % at different stages of***

the value chain (UNEP, 2006). Captive-bred fish are, in contrast, healthier and resilient to stress - hence make better aquarium fish

- **Stress reduction on wild fish stocks in the region, which are slowly returning to the reef and attracting tourists, volunteers and ecotourists who want to SCUBA dive in the area to witness the effect of reef rehabilitation efforts**
- **Create a renewed and improved standing for ornamental fishing among the local community: “it’s built up the pride that they are not just fishing, but they are creating something, they are putting something back. So basically we help them to have a pride because as ornamental fishers, they’re basically being the image as, ‘You are the destruction, you are the exploiters.’” - Gertrude.**
- **Ability to transform the traditional fishing business model of the region, whereby fishermen sold to a local middleman for one amount and this middleman would then sell to the exporter. By partnering up and creating cooperatives, the fishermen have been able to act as their own middleman, and thus double the revenue they receive per fish sold.**

In addition to the benefits perceived by the fishermen; and thanks to the making of artificial reef structures by LINI, as well as the Sea Communities social enterprise - the local environment has become quite unique, which holds an attractive for eco-tourism. These actors now perceive revenue from affluent schools in Australia and Singapore, who pay them to host groups of visiting students. These students provide assistance with supporting activities such as beach clean-ups, marketing and other tasks fit for volunteerism - which lowers overhead costs.

Finally, some of the local actors are beginning to embrace platforms such as airbnb as a means of attracting a new breed of tourist: environment and culturally-aware millennials. These new tourists, in search of unique and niche experiences - bring their own contribution to the Les ecosystem, and the community is increasingly prepared to fulfil their needs through:

- **Impactful environmental initiatives travelers are interested in witnessing (e.g. through diving)**
- **local people who are ready to understand the needs of the traveller while remaining genuine (they themselves are part of the experience)**

- ***learning skills in basic hospitality / language / communication to be able to share their reality with the people visiting***
- ***Growing infrastructure to accommodate visitors***

Currently, the Sea Communities social enterprise leverages the GoFundMe for crowdfunding; as well as the accommodation side of the airbnb marketplace to finance some of its initiatives. Other organisations, on the other hand, leverage the experiences side of the airbnb platform in order to provide visitors with the opportunity to learn about aquaculture; the training centre's function; meet its staff and build an artificial reef structure on-site which will be later deployed into the ocean. They then utilise funds from the airbnb experiences sold to finance their internship programme - allowing them to have access to skilled individuals on demand.

4.2.3 DESCRIPTION OF ECOSYSTEM

In describing the connections and dynamics at play within the Les village entrepreneurial ecosystem (Figure 4.2), I shall refer back to Feld (2012) in that the term “agents” encompasses every participant within the community.

Leaders are the entrepreneurs and the term feeder describes everybody else around them who fulfils a deliberate function to the benefit of the community.

In the Les case, it is actually possible for endogenous actors to be both the leaders and beneficiaries within the ecosystem. This is due to a higher degree of development of human capital - as evidenced by skills in free diving, fishing, navigating (although some of them cannot read nor write); and a higher degree of infrastructure development. Their proximity to natural resources that can be exploited sustainably, as well as the region's accessibility mean that it is possible to attract different types of tourism activity to generate revenue from sources other than ornamental fishing - and the community is beginning to make a natural transition to other commercial activities; as well as from necessity to growth entrepreneurship. This is evidenced by the move from independent fishermen, to the cooperative model which affords them greater bargaining power and increased speed of knowledge transfer.

These endogenous leaders receive valuable support from feeders who operate locally, and side-by-side with them; hence the term “local feeders”. Local feeders are extremely

important in the sustainability of poverty eradication, as they have become hubs of knowledge transfer from academia and the scientific community, to grassroots fishing circles. Their activities are invaluable in terms of creating new perspectives on business activities within the region; engaging local women in meaningful work and even creating a deep-set change in culture towards natural resources, especially animals. Gertrude's account supports this finding: "Then we start also looking at the breeding of the fish. Basically we want to show them like, 'Look, fish, they're like a human. And they have the cycles of life cycles. There's the babies, they have children, and they adopt and they produce babies,' to show that to them, to tell them that fish is like us and they need to be nurtured, if not, they die. So basically you're helping them to grow the sense of loving towards other creatures. Because as Indonesians, we are not being taught to care about dogs or to care about cats; they are just creatures."

Of particular interest is the ability of these local feeders to attract new argonauts, as per a slightly modified definition to that of Saxenian (2007). By attracting new argonauts, local feeders can capitalise on skills and knowledge learned abroad - which combined with local language and

cultural understanding can be (and has been) immensely powerful. Evidence of this is an account by new argonaut Robert, who is a native Indonesian; completed a degree in Fisheries Management at the University of Michigan (USA) and moved to Les for a 5-month internship: "They need to know how to brand their area. They need to have a signature product that are well known to the market." His statement is grounded on domain (scientific) expertise and an understanding of the social nuances at the local level; as well as an international perspective of how businesses work. A mixture of skills impossible to find among endogenous leaders.

Finally, local feeders also rely on external feeder networks for access to skills, capital (donations and revenue). They do so through a number of different channels such as key partnerships, face-to-face, web communications and online platforms and communities such as airbnb and GoFundMe.

LES VILLAGE

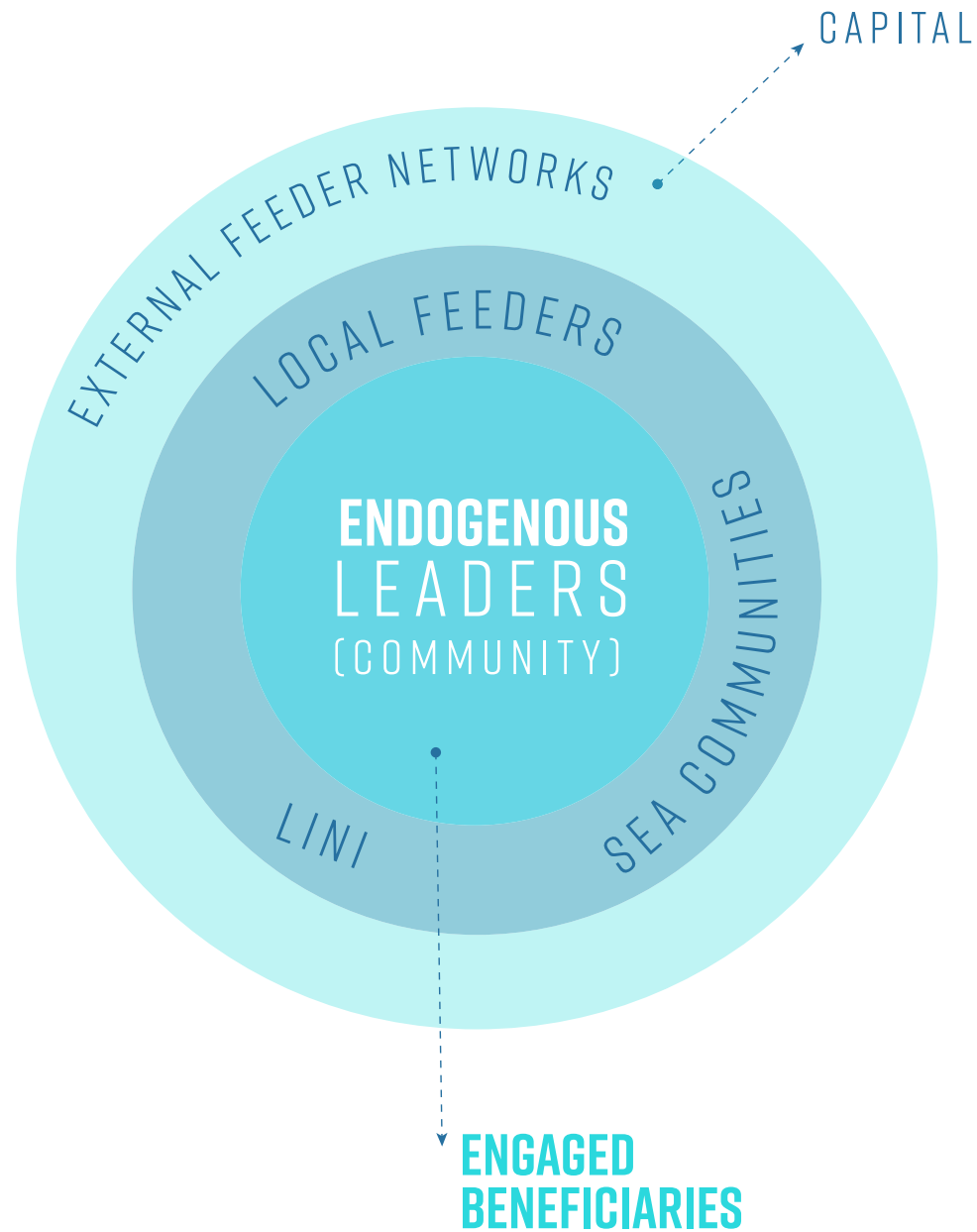


Figure 4.2. The community makeup of Les Village. Based on Feld (2012)

4.3 BARÚ ISLAND

4.3.1 POVERTY CONDITIONS AND LOCAL ENVIRONMENT

The island of Barú, located approximately 20 kilometres south of the historic city of Cartagena, on Colombia's Caribbean coast - is home to approximately 20-thousand inhabitants of predominantly African-Colombian descent. The island is made up of three towns: Barú, Ararca and Santa Ana. Field work during this thesis took place in Santa Ana, whose population nears 4000 inhabitants⁸.

Although the city of Cartagena and a select number of destinations in the vicinity are frequented by hordes of tourists from all over the globe, year-round - a considerable part of the population outside these tourist hubs lives in poverty.

Originally a Peninsula, Barú became an island centuries ago; when the Spanish built the "Canal del Dique" (Dam Canal) - to connect commerce from the Magdalena River (one of Colombia's main waterways to the port of Cartagena on the Caribbean. The island is known for a number of private tourism development projects, and just one of its

beaches is open to the public. In 2014, the construction of a bridge connecting Cartagena to Barú was completed - virtually turning the island back into a peninsula.

Located in Barú and adjacent to Santa Ana, "Playa Blanca" (White Beach) is one of the most sought-after tourist attractions around the Cartagena Bay region. Until the recent opening of the land bridge, Playa Blanca could only be reached via commercial fast boats that catered to tourists from Cartagena; or aboard pontoon ferries that aided the crossing of people and vehicles across the Canal del Dique.

The reduced time and difficulty of the commute between Cartagena and Barú has brought with it significant advantages and some challenges with potential implications for poverty eradication efforts. As a point of reference, the average income for an employed Santa Ana resident is close to 230 USD⁹.

Infrastructure on the island is precarious, though existent - and access to basic education is available locally. Some indicators of the conditions on the island exist and are discussed (illiteracy among over-6 year-olds is around 11

⁸Fundación Santo Domingo & Fundación Mamonal, 2016: "Estudio diagnóstico socio-económico de la isla de Barú - Informe Santa Ana"

⁹Fundación Santo Domingo & Fundación Mamonal, 2016: "Estudio diagnóstico socio-económico de la isla de Barú - Informe Santa Ana"

% and only 34 % of residents has access to the internet)¹⁰ - however, it is worth noting that the living conditions of the people on Barú place the region above Muntigunung and Les Village in terms of standard of living, infrastructure and human capital.

4.3.2 DESCRIPTION OF ENTERPRISE ACTIVITY

Although tourism and tourism-related activities comprise the lion's share of revenues into the island - not all of Santa Ana's residents perceive these revenues (or for that matter wish to make a living in the industry); or commute to Cartagena for employment. This is why field research in the Santa Ana region emphasised activities by independent entrepreneurs operating outside tourism.

As a matter of fact, tourism-related activities are seen by many on the island as an impediment to the development of human capital: many young people are attracted by the short-term money-making potential of performing unskilled jobs around Playa Blanca (driving motorbike taxis; selling jewelry, giving massages on the beach, promoting local restaurants among others); and set aside furthering their education or pursuing more sustainable livelihood

options. This phenomenon is first discussed by Jenny, a social worker doing outreach with local entrepreneurs (she refers to the colloquial name given to Playa Blanca by the locals: "Santa Ana's Oil Well"); and corroborated by Steven, a local motorbike taxi driver who explains that his daily take-home pay nears 30 USD - whereas that of a jewelry salesperson borders the 70 USD mark.

In order to gain access to an entrepreneurship community offering a distinct point-of-view from those of Muntigunung and Les Village in Indonesia - initial contact was established with the Hernán Echavarría Olózaga Foundation via the online platform GlobalGiving.org. Representatives of the foundation kindly assisted in facilitating interviews and visits to three of the region's entrepreneurs.

The entrepreneurs in question, for the most part, displayed two of the traits that McMullen (2011) outlined as required for entrepreneurial intent: expectation and motivation. One of the foundation's priorities is to supplement the ability vector among these entrepreneurs through sensibly issued "nano-credits". Two of the businesses visited displayed characteristics of necessity entrepreneurship (local retail, convenience stores); while a third displayed

¹⁰"Fundación Santo Domingo & Fundación Mamonal, 2016: "Estudio diagnóstico socio-económico de la isla de Barú - Informe Santa Ana"

the potential of transitioning into growth entrepreneurship (dress-making).

4.3.3 DESCRIPTION OF ECOSYSTEM

The entrepreneurial ecosystem in Barú Island might be deemed as being more “mature” than those in previous research sites. However, due to it still being largely set within a context of poverty - it might be fair (yet not demonstrable quantitatively) to say that only a small fraction of the business activity taking place in the region may one day amount up to growth entrepreneurship.

After a considerable period of inductive research and qualitative data collection - a strong argument can be made for necessity entrepreneurship, in that it renders tangible and intangible value in the form of added self-esteem and a degree of social mobility (which should be measured and needs further study).

For the purpose of outlining the makeup of the business community on Barú Island (Figure 4.3), low-growth tourism activities have been excluded and the nano-credit programme beneficiaries are used as a benchmark

to analyse sustainable poverty-eradication efforts in the region based on entrepreneurship:

Due to the diversity of business activities by leaders locally, local feeders such as foundations issuing nano-credits are forced to come up with creative ways of vetting an entrepreneur’s readiness to receive a credit. These vetting mechanisms are designed to prevent the following:

- ***Coercion or pressure upon the would-be entrepreneur by a friend or relative who wishes to gain access to “easy money” to cover their own debt***
- ***Possible use of loan money for consumption, rather than business growth***

Operating at the core of the ecosystem are then, carefully selected leaders who receive support from a number of feeders.

In order to account for cultural factors, human capital and critical knowledge transfer to the local leaders, NGOs operating locally collaborate actively with the Colombian National Learning Service “SENA”. SENA tailors training packages aimed at specific challenges the business

owners may encounter, and deploys trainers to the region once enough trainees have registered for the sessions. These are held at the local headquarters of the Hernán Echavarría Olózaga Foundation, next to Santa Ana's town square.

The local feeder network is, in turn supported by a number of private and public partners who provide financing and skills to the benefit of small businesses. A number of novel channels are also used by local feeders to grow the footprint of their function; as well as to draw from a larger potential pool of donors through the platform GlobalGiving.

BARÚ

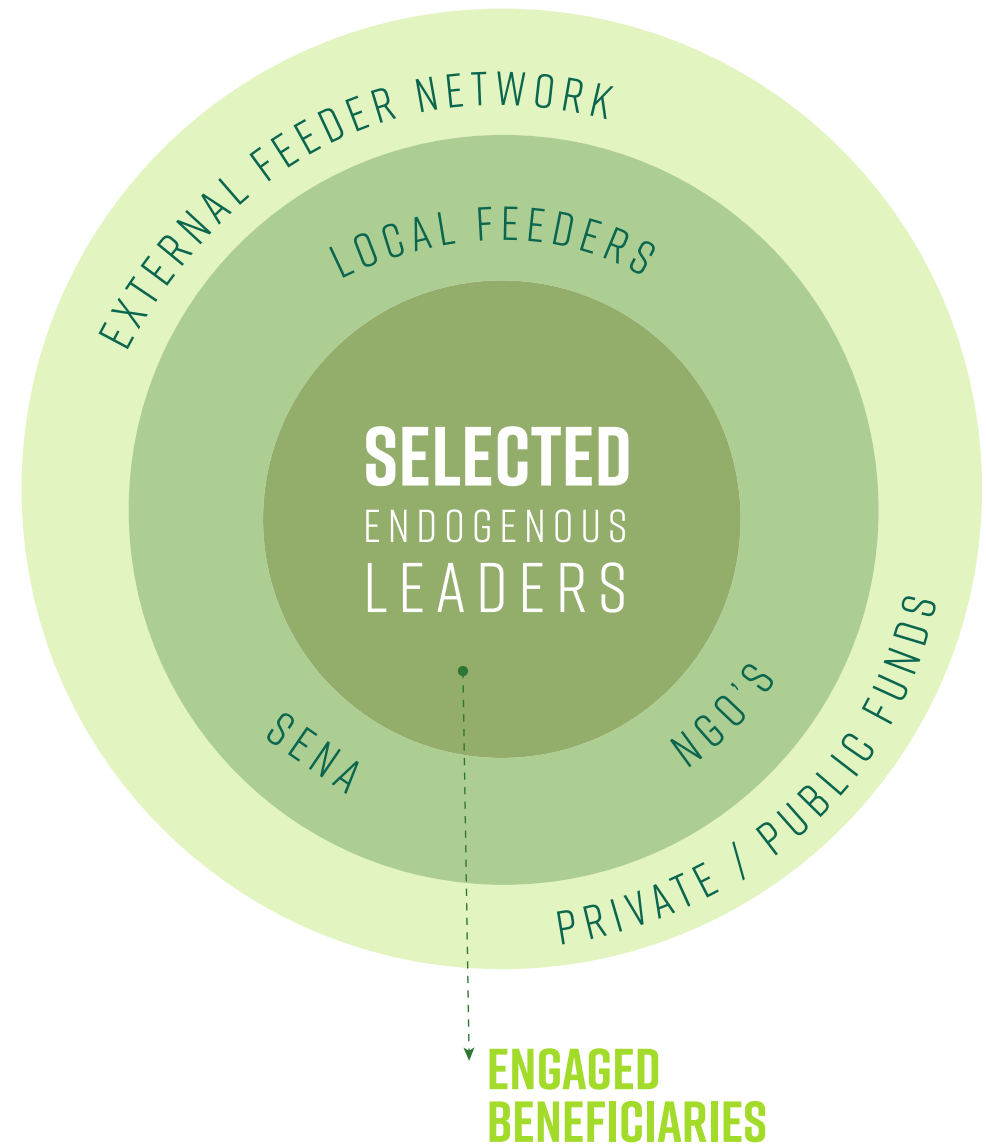


Figure 43: the community makeup of Barú Island. Based on Feld (2012)

4.4 CROSS-CASE ANALYSIS

Prior to outlining the findings from cross-case analysis of Muntigunung, Les Village and Barú Island, it is important to revisit that the cases were selected based on their varying use of entrepreneurship in order to fight poverty. What results from studying such heterogeneous group of communities is a number of lessons learned from each site, that I trust, will inform future case studies on the topic of entrepreneurship vs poverty - and act as the basis for uncovering similar processes in contexts of varying poverty levels. This fundamental objective was crystallised thanks to work by Khan & VanWynsberghe (2008), who provide valuable insights into cross-case analysis as a means to mobilise knowledge.

In order to accomplish the crucial ends of generalising some of the lessons from research, preserving the essence of the cases and facilitating their analysis - I make use of narratives (Khan & VanWynsberghe, 2008). It is also my belief that these will make for a better reading experience.

Finally, in synthesising the variables that agents must consider in their efforts to use any form of entrepreneurship in poverty eradication - I have created a number of comparative tables that illustrate and operationalise such variables.

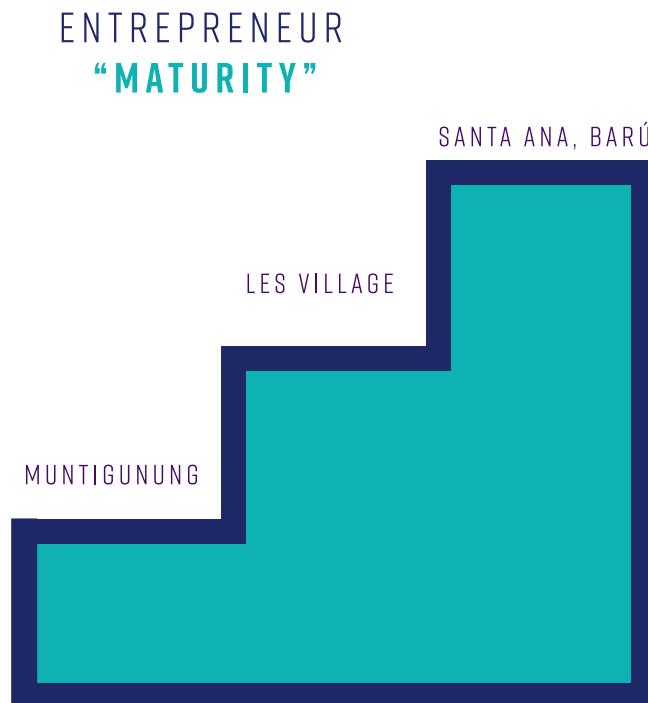
4.4.1 COMMUNITY CONTEXT

Without the need for much research, one might safely assume that one of the self-evident common denominators among the poor on a global scale is access to limited resources. Field research during this thesis has shown that this is just about the only safe assumption that can be made of such contexts.

In fact, the resources to which the communities of Muntigunung, Les Village and Barú Island have access to are so radically different; that it is not surprising to see how development policy and governments struggle to create top-down policies that can effectively fight poverty across large populations and regions. The first observed common factor among these three sites is the fact that they are all using different types of business activities in order to combat poverty. From interviews, observation and secondary data analysed - it appears that the type of entrepreneurial activity is largely determined by a combination of contextual and internal factors (Table 4.1) such as:

- ***The extent of poverty in the community (for the sake of providing a frame of reference, I shall describe three levels to which each of the cases***

correspond: desperately poor, skilled poor, creative poor): what is the underlying reason for poverty in the region, and is poverty so severe that malnourishment and underdevelopment are present? Each of the three regions under study displayed different degrees of entrepreneur “maturity” (Figure 4.4). This was heavily determined by the conditions they were set in.



- **Level of basic Infrastructure:** access to water, roads, sanitation, health, education. Some of the very basic needs must be fulfilled in order for the population to become engaged in gainful activity
- **Geography:** accessibility of the region, climate, suitability for business activity, proximity to exploitable natural resources, economic activities in the region
- **Environment:** What is the natural environment in which the community is set? What conditions is it in? The natural environment is the first potential means of livelihood for the poor in many regions. It should be understood
- **Culture:** What attitudes or behaviours typical to the local population may influence business activities?
- **Human capital:** assuming that financial capital is rare, or in cases non-existent; what are the skills, abilities or education among the population that can be leveraged as a part of eventual business activity?

Figure 4.4 Comparison of entrepreneur maturity in regions under study

| | MUNTIGUNUNG | LES VILLAGE | BARÚ ISLAND |
|----------------|---|---|--|
| INFRASTRUCTURE | No access to water until recent, population not even on national register, no sanitation | Limited access to water and electricity. Good road connections. | Limited sanitation, yet access to water and electricity. Hospital on the island. Very poor internal road conditions Geography |
| GEOGRAPHY | Mountainous, yet arid region. Challenging for agriculture due to erosion from landslides, limited accessibility by road due to location | North coast of Bali, separated from main tourist hubs, but not unreachable. | 20 km from tourism hub of Cartagena and approximately 3 km from Playa Blanca. Accessible by road and boat Environment |
| ENVIRONMENT | Arid region in the mountains difficult for agriculture due to landslides and erosion. The soil needs special irrigation in order to be suitable for plants such as bamboo, moringa, cashew, palm. Nearest source of water is a 4-hour round trip. | Largely damaged coral reef ecosystem, previously suitable for fishing. Nowadays, rehabilitation activities attract tourists | Arid and dry on most of the island during part of the year, access to fishing via main beach. Pollution issues due to overcrowding of main beach by tours |
| CULTURE | Prioritising instant gratification is engrained in local culture from generations of begging activity. Shyness and insecurity as a result of isolation from outside world | Disregard for nature and living creatures, which combined with pursuit of short-term gains may have lead to precarious situation and exacerbated poverty | Strong religious beliefs among the community (devout catholics); strong role of women in the households; prioritisation of short-term gains over long-term development |
| HUMAN CAPITAL | Conditions prior to business activities were very dire. Few skills among villagers due to generations of begging for money. Malnourishment, and lack of water make it difficult to learn new skills | Illiteracy is common and low education levels are the norm; however, the community possesses useful skills in regards to fishing, diving and related activities | Highest degree of education from all three regions, some knowledge of trades, limited business knowledge, literacy rates are relatively high |

Table 41: Community context analysis prior to poverty eradication business initiatives

As illustrated by the table above, it is a useful frame of reference to think of Muntigunung as a “desperately poor” community; Les Village as “skilled poor” and Barú Island as “creative poor”.

4.4.1.1 INFRASTRUCTURE AND GEOGRAPHY DISCUSSION

Typical characteristics found in a desperately poor community are a dire lack of basic infrastructure that may lead to development problems and a stubborn poverty cycle which can take longer to break:

“Missing water, no hygienic situation, very high child mortality rate, malnutrition, not registered” Michael, Muntigunung

Additionally, geography and other infrastructure issues may present limitations for potential business activity. In the case of Muntigunung- it was the lack of water that forced many families to hike for 4 hours each day, just so each person would be able to carry 10 litres of water back to the village. This prevented them from many other activities which may have aided in their development:

“36 Villages, 6,000 people, North side of Bali, up in the mountains, no road connections, People not registered, people have no ID course, malnourished, illiterate, no school, nothing; no infrastructure” Michael, Muntigunung

And yet, the social enterprise efforts in Muntigunung have been successful by multiple metrics - the number of villages with access to water locally is now over twenty (out of 36); child mortality rates have been dramatically reduced; and the enterprises are well under way to providing one job per family among approximately 1100 households. Understanding and successfully dealing with entrenched cultural norms has proven critical in this journey:

“Bringing this new mindset to them that you have to earn to live, that’s the challenge. So every day they are, you know, given on and off because there are other options where they can easily access the money, so that’s the challenge, the real challenge.” Kadek, Muntigunung

“That shows, now slowly, slowly, there is so much security inside the people, basic needs

***fulfilled, water, job, income, Maslow's pyramid, and now, we are already thinking a little bit ahead. And this is exactly what needs to be done. But this cannot be done in the 6 months Swiss-based target issue; that's not possible. So you need this time, you need consistency, people have to build up trust. They have to start believing in what you are doing and In Their own strength."* Michael, Muntigunung**

Not to be ignored, a common trend across all three sites is the efficacy of a participative approach - whereby different actors within the local and entrepreneurial community are engaged to make a contribution. This is particularly important when it comes to the role that women play as members of a household and active members of a community. In Muntigunung, much like in Les and Barú - women play a vital role (albeit varying) without which a sustainable ecosystem may not come to occur.

But how to empower endogenous actors (particularly women villagers) from an isolated community; whose only contact with the outside world is begging for money - and have thus developed a reluctance to interact outside of their natural surroundings? The Muntigunung Trekking

Social Enterprise has, by experimentation, created a sustainable way of gradually exposing these women to the outside world by engaging them in dignified activities that earn them a livelihood as guides:

***"Every day we have a different woman because we operate use one until tour guide, depend how many guests we have per day. I think all of the women there have been around trekking."* Ketut, Muntigunung**

This is supported by agents in Les Village, who had this to say:

"They were struggling with the idea of how to do something with this that would support their livelihood without damaging the reef, or extracting so much from it. And the NGO that I was working with before has that approach to conservation; instead of fencing an area, call it a national park and exclude people. I work mostly with indigenous people and the result of which they are being criminalized because they didn't have all these regulations that, 'You cannot do this, you cannot do that.' It's how to approach conservation where you work

with community, the community participates, and they get access to the resource without extracting, maybe lessen the extraction.” - Fabian, Les Village

4.4.1.2 ENVIRONMENT AND CULTURE DISCUSSION

Environmental factors and local culture are two aspects that have traditionally been weaknesses of macro-economic policy aimed at fighting poverty UNEP (2006).

In contrast to Muntigunung, where fundamental needs are not yet fulfilled (making business action by endogenous leaders unrealistic); regions such as Les and Barú, who enjoy at least a modest level of infrastructure and more established connections to the outside world - should first consider how the environment and their culture may affect business activity.

Les, in particular, has been severely affected by harmful fishing practices - compounded by a tendency to pursue short-term financial gains.

This is demonstrated by the destructive practice of catching ornamental fish aided with Potassium Cyanide:

“If I am fishing I will use Cyanide and it is just mixed maybe 1 or... 1 until 3 tablets of cyanide with two liters of water, sea water. And then we shake and then we use that; that’s easy. And if I am fishing, just spray the fish hiding maybe inside the coral and then spray and then after that just waiting to be 3, 5 minutes and then the fish is just drawing (sic), easy to catch.” Wayan, local fisherman in Les Village.

UNEP (2006) highlights the importance of the environment as the means of income of the poor in Indonesia - and this statement could not encapsulate its pivotal role within economic activity in both Les and Muntigunung any better. Wayan explains how poverty and culture played an important role in ecosystem destruction:

“If I use cyanide, time is the mortality of the fish is really high, maybe until 50%. If I get maybe 10, it will be 3 or 4 days, maybe half of them die. But the time for me, for our group, okay, don’t care about that time, because we need money, I get to the fish, and sharing the fish and I get some more money. After that, died or not, whatever”.

In Barú, local feeders explain that the newly built bridge facilitates movement between the Island and Cartagena - benefitting young people who wish to attend higher education, among other needs of the population such as commerce. On the South end of Barú however, the situation is different: commuting North from this side of the island is increasingly difficult due to coastal erosion of the “Playetas” area by the ocean tides - which threaten to split the island in two. Local authorities have recently approved part of the budget needed to build protection around the coast; however a great deal of damage has taken place.

The Muntigunung initiatives aimed at creating one job per family continually rely on creative use of the local vegetation for manufacturing purposes. Michael, one of the key leaders of the initiatives in this community explains that the team has planted over 560,000 trees to support business activity. Due to the region being characterised by landslide-prone soil; this has been a long-term proposition. Slowly, these business activities have been instilling a new culture in parts of the community - which also suffers from a quick-reward seeking mentality:

“When you start to bring this education terms to them, they started thinking, ‘Okay, what’s the benefit for me?’ And they cannot see in long-term, they only see in the short-term, ‘How can I support my family for the day tomorrow?’ And we made the first assessment and we find that at the beginning, the first income they get around 20,000. So we try to reassemble that at least to get them interested at the start. And now they get used to that”

In addition to turning a revenue from handicrafts made out of local products, the Muntigunung community also benefits from the impressive landscape found along the road that leads south from the Village. Some of the stretches along the banks of Lake Batur provide breathtaking scenery and challenging hiking, which tourists find appealing. Nowadays, their social enterprise runs a trekking operator that charges tourists approximately 1 Million IDR for the experience (approximately 60 EUR). This experience creates awareness and marketing for the community, exposes locals to the outside world and brings in much-needed revenue for the villagers. It has also played a role in changing behaviour among the local women, who used to beg. During my participant observation, Saya - a local

woman working as a porter stops to collect litter found along the road:

“She knows about the long term gains of keeping this clean. If this is dirty, the tourists won’t come. And if they don’t come, they won’t make an income” - Ketut, Muntigunung

Local feeders acknowledge the need for long-term thinking and patience when trying to change the mentality or behaviour of the locals. Some of these regions are isolated and disconnected from the outside world, therefore - the creative process of the leaders is very different from their Western counterparts. Michael from Muntigunung sums this up in a brief story:

“In one of the villages you will see, when we do the trekking, after about 10 years working up there, they suddenly came 2 years ago and said: ‘Look, we know, I mean you now have been helping us over the last 10 years. You brought the water here, you started the great work, we were educated concerning toilets, we have been bringing toilets. You are bringing tourists over the mountains with the trekking and we know exactly

that these people who are coming to visit, they are later on supporting us. They are either buying our products which we are creating here or then they are donating funds for your projects. We have the feeling that this is happening like this. And we have been discussing this issue in the village, and we came to the conclusion that we would like to build the toilets for the tourists.’ after 10 years. And this is a step like from the Earth to the moon for these people.”

4.4.1.3 HUMAN CAPITAL DISCUSSION

Although not afflicted by such severe environmental impact yet (and aided by higher levels of human capital), the Barú business ecosystem also contends with a tendency some young local people show to pursue short-term financial gains - by performing low-skill tasks in Playa Blanca. This leads some of them to set aside development activities (including education), which will affect them negatively later on. During an informal discussion with “Steve”, a local motorbike taxi driver - he expressed his hope that his children would go to school and learn new skills so that they would not need to perform the same job as their father.

In fact, it seems the phenomenon of opportunistic behaviour and seeking short-term gains in present across all three cases; although it is in itself manifested in different ways. Future researchers within poverty contexts should be mindful of this tendency.

In addressing the issues of decaying local environmental conditions and social norms; the three communities make use of an integral and participative approach that goes hand-in-hand with business activities.

In Barú Island, local feeders who issue nano-credits to entrepreneurs also provide informal business education in cooperation with SENA (National Learning Service - and English-language scholarships in cooperation with the Colombo-American Centre. Local feeders at Les Village combine business activities with community outreach and aquaculture education for the fishermen. A few selected local leaders have even learned English over the last two years and this has been increasingly valuable with the growing amount of tourism volume into the region. Likewise, in Muntigunung - local villagers who join the enterprises are set on a 3-year path for education and capacity building that leads to acquiring skills aimed at creating sustainable growth:

“So we have the philosophy that we are taking our time, up to 3 years, in order to educate or to build up the capacity of the people to create a product with a nice design, which is sellable. So to three years, it’s subsidizing education, 3 years.” Michael, Muntigunung

According to subjects across the two poorest sites, this process can be a long-term proposition. In Muntigunung and Les, dramatic social change may even be as far as one generation away, but the seeds exist:

“So then without the fishers to understand that there if you have a good reef, then you have a good income. So then they have a good income. By then, like, ‘Why don’t you send your kids could go to better schools so they have a better education?’” - Gertrude, Les Village

The Santa Ana entrepreneurial network in Barú is at a more advanced stage, however it too acts as an example of how initiatives aimed at boosting entrepreneurship are best done in conjunction with human capital development. Local feeders have understood that the level of education among the population may be insufficient to support successful business activity, so a partnership has been

formed with SENA (Colombian National Learning Service), who tailor training modules for entrepreneurs in the region - and send their experts to the area to teach once there is enough demand.

***“SENA really is Colombia’s ‘University of the people’” -
Jenny, Barú Island***

4.4.2 NATURE AND TYPE OF BUSINESS ACTIVITY

In order to provide further context for any agents considering the utilisation of business initiatives as a means of poverty eradication; Table 4.2 outlines the general activities carried out on each site, as well as the nature of such as per McMullen (2011).

| | MUNTIGUNUNG | LES VILLAGE | BARÚ ISLAND |
|---------------------|---|--|--|
| NATURE OF BUSINESS | Mainly growth / Some necessity | Decreasing necessity / increasing growth | Limited sanitation, yet access to water and electricity. Hospital on the island. Very poor internal road conditions Geography |
| BUSINESS ACTIVITIES | Handicrafts: hammocks, bags, baskets Food products: cashews, rosella tea, rosella salt, moringa salt, dried mangos Eco-tourism: trekking Agriculture | Fishing: Ornamentals and pelagic fish (for food) Eco-tourism: Diving, school trips, reef rehabilitation courses, monitoring, voluntourism | Local retail, food products, dressmaking, tourism |

Table 4.2. Research sites by business activity

MUNTIGUNUNG:

Business activity in Muntigunung began from the need to provide for the desperately poor in the region, however most of the current business activity being carried out by the social enterprises can be considered growth entrepreneurship. I base this on their International partnerships for sales and distribution, viable employment for a growing portion of the community, and revenue creation. It is estimated that the Trekking enterprise has generated over 200-thousand EUR revenue over the last seven years. I will further discuss these enterprises in upcoming sections.

LES VILLAGE:

Up until recently, business activities carried out by the fishermen in Les were the result of necessity entrepreneurship. As the fishermen lacked any other kind of social capital; as well as financial, their ornamental fishing undertakings obeyed to a lack of alternatives.

As of their transition to a cooperative model; a push for growth entrepreneurship began. Still, it is not the ornamental

fishing in itself that constitutes growth entrepreneurship - but the business activities that have resulted from it. Reef rehabilitation and aquaculture training include a number of sub-activities such as population monitoring, construction of artificial reef structures, etc.

These activities have proven appealing to a subset of tourists who are increasingly streaming to the region - aided by favourable conditions of road connections. This movement has seen development within the community, as would-be entrepreneurs move to create services to satisfy the needs of the visitors: accommodation, scuba diving, tours, etc.

BARÚ ISLAND:

The number of independent entrepreneurs operating in Barú is larger than that of the previous two regions. However, in spite of more of this entrepreneurial activity being driven by endogenous leaders with the help of local feeders; business activities in Santa Almost exclusively obey to necessity. One business stood out as having the potential to transition into a growth operation, but this shift may be a couple of years away.

4.4.3 BUSINESS BY CONFIGURATION

McMullen (2011) delineates multiple types of enterprises in his effort to arrive at a definition for the Development Enterprise. During his explanations, he touches on a number of company configurations well suited to serve the needs of the poor. I found his approach particularly helpful in analysing the three cases visited for evidence of: social enterprise, social business enterprise and development enterprises. Table 4.3 illustrates the configurations present at the three sites.

Cross-case analysis of business activities by configuration is done at the community level; as well as the individual enterprise level.

This is done due to the fact that, when factoring in the development component of business activities (its influence upon potential government policy aimed at reducing poverty); the performance of a single business may be insufficient to cause government to pay attention - yet performance at the community level may be enough to attract support.

This approach is shaped by Stam and van Stel (2009), who first drew my attention to the limited impact of necessity entrepreneurship on national economic performance indicators. Further research would be crucial in determining whether large enough ecosystems of necessity entrepreneurs may be enough to command interest from policy-makers.

| | MUNTIGUNUNG | LES VILLAGE | BARÚ ISLAND |
|----------------------------|---|--|----------------------------------|
| SOCIAL ENTERPRISE | Exhibited at the community level and some at the enterprise-level | Exhibited at the community level | Not directly observed |
| SOCIAL BUSINESS ENTERPRISE | Exhibited by some at the enterprise level | Exhibited by part of the enterprise-level structures | Not directly observed |
| DEVELOPMENT ENTERPRISE | Not directly observed | Not directly observed | Exhibited at the community level |

Table 4.3: Cross case analysis of business activity by configuration

MUNTIGUNUNG

In the first case, the role that the foundation behind business initiatives in the area has played has been invaluable. There exists evidence of Michael's extensive experience in the banking and corporate world by simply observing the structure that has been created to support the livelihood of engaged beneficiaries (Figure 4.5).

The enterprises in this region work under the umbrella of the Future for Children foundation. This foundation has set up a structure that allows it to collect donations from Europe (charity component); as well as a development fund, which allows it to control low-interest loans granted to the enterprises working below it. It acts as a non-profit supporting business activity, and hence I have deemed it a social enterprise.

At the enterprise level, this configuration is also exhibited by the handicrafts part, for now - since it is currently close to being able to cover its own operations expenses. The priority of the enterprise is to provide employment for as many locals as possible (currently employs 80 local people). Having said that, as the enterprises at "Munti" owned by carefully selected endogenous leaders - I do not see an obstacle for all of them to transition into social business enterprises once they see some sales growth.

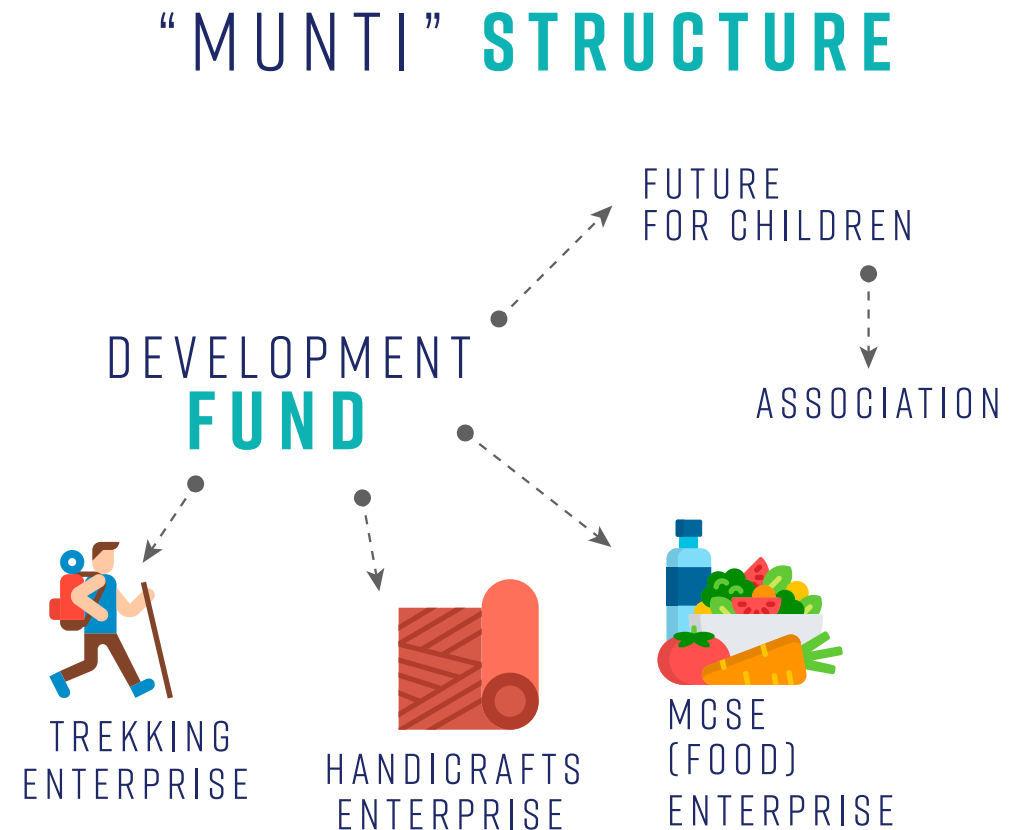


Figure 4.5: Structure of the enterprise ecosystem in Muntigunung

In the case of the trekking enterprise, operating costs are kept to a minimum and tourists pay a handsome sum of money for the experience - which allows its owner to grow on their own terms, experiment with different marketing channels and distribute profits as best fit its financial and social needs. This makes it a textbook example of social business enterprise.

Evidence of development enterprise traits is absent in Muntigunung. Although some overtures have been made in the direction of the community by the government in relation to the potential of the trekking activities - these have traditionally been “handled with care” by the community due to cultural factors.

LES VILLAGE

At the level of the community, there is not one umbrella organisation that oversees activities at Les village. Instead, there are a small number of social enterprises operating alongside the fishing community in order to help reduce poverty levels.

These social enterprises provide skills to the fishing

community, in the shape of aquaculture training and English classes among others - while their revenues and income come from a number of different sources. These include: donations, revenues from tours by private school groups, eco-tourism and voluntourism. The use of these funds is outlined by Fabian, an exogenous leader in the region:

“Most of the money in this program goes to lodging and meals and transport. Let’s say like 70% of that goes there. Maybe 20% for administration and then for... no, 10% for administration and 20% for activities.”

Gertrude, who leads another social enterprise - had this to say about their use of airbnb as a channel to attract voluntourism revenue - social and monetary (Figure 4.6):

“So like the people come here like with the airbnb, that is providing the support and the Indonesian interns. So that’s the way how we generate income. So the kids come here, we cover for the program, pay for the locals and support the interns”.

LES AIRBNB CYCLE

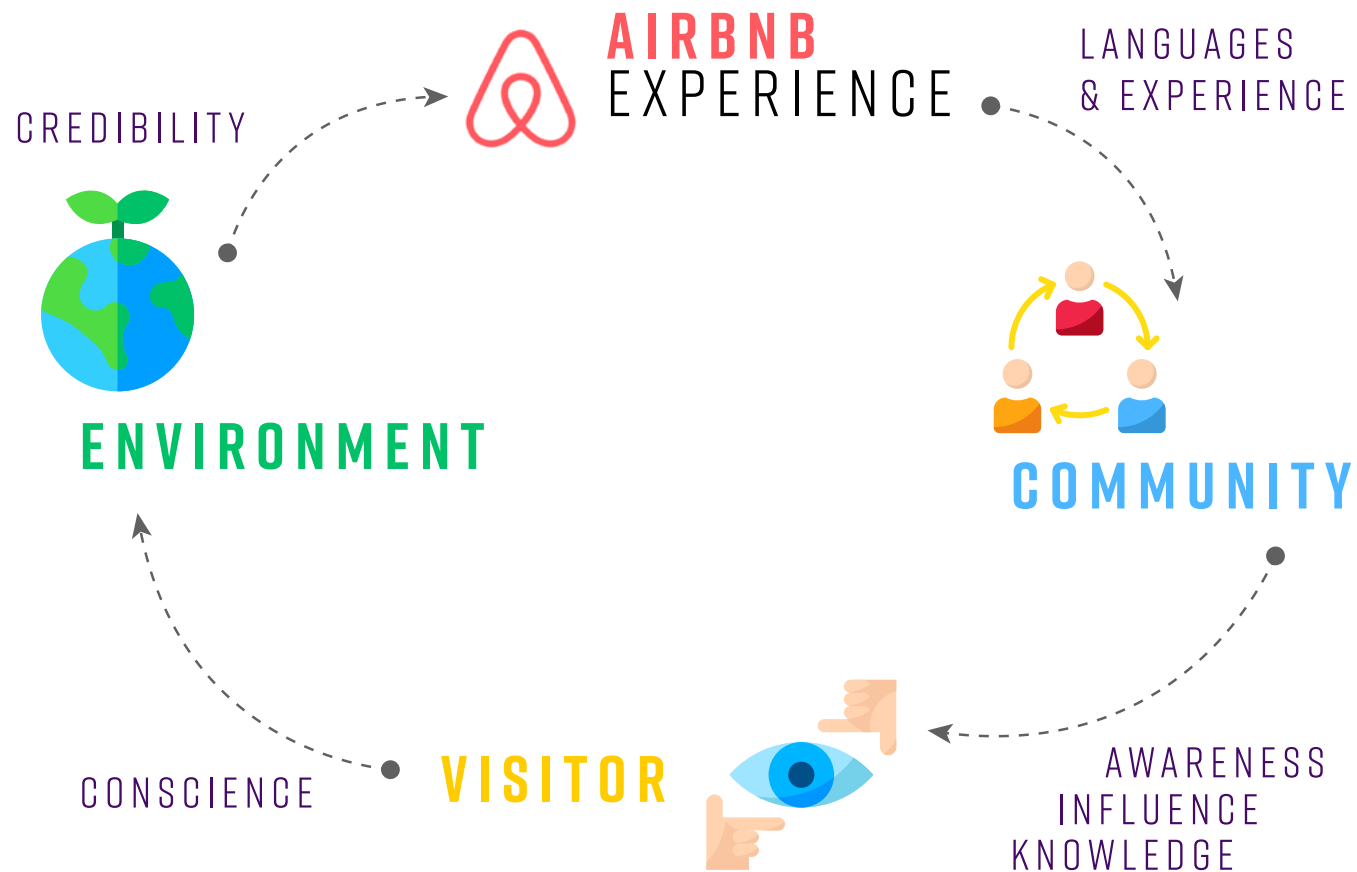


Figure 4.6 Use and benefits of airbnb as a channel for social enterprises in Les Village.

Evidence of social business enterprise-like activities in Les is present at the enterprise level; where the fishermen have begun to command higher revenues for their catch - and a number of independent entrepreneurs have begun to take advantage of opportunities afforded by the tourism that is arriving at the region. This is reflected in activities such as diving instruction, lodging and tour guides.

There was no direct evidence of development enterprise activity.

BARÚ ISLAND:

As the ecosystem on the island is more developed in terms of infrastructure and social capital; business activity is not so centralised as in Muntigunung and Les. Instead, the region is characterised by widespread, single entrepreneurs across different areas and economic activities. No evidence of social enterprise or social business enterprise action was witnessed.

However, at the community level - local feeders have grown increasingly aware of the impact that the environmental problems with ocean erosion will have on the livelihood

of the locals; and have actively lobbied local and state leaders for a solution or funding that delays or puts a stop to this deterioration.

Although this does not constitute a development enterprise by default, it is the closest any of the three cases has come to this configuration.

4.4.4 BUSINESS ACTIVITY BY AGENT

Some insight into the arrangements and interplay among different agents within their respective ecosystems was provided within the individual case descriptions, however this section will deepen into the traits and general profile of these actors (Table 4.4).

| | MUNTIGUNUNG | LES VILLAGE | BARÚ ISLAND |
|----------------|--|--|---|
| AGENTS AT PLAY | Exogenous leadership is located on the outer rims of the community. Helps incubate social enterprises that are driven by selected local leaders and directly engage the beneficiaries. | Skills exist within community that enable selected endogenous leaders to drive change from within alongside feeders. Feeders operate and even reside locally, understand local culture and environmental considerations at play. Feeders act as interface between external feeder networks and endogenous leaders. | Creative poor (endogenous leaders) are at the core of a more widespread ecosystem. Local feeders enable their function through a range of stimuli - but particularly financial and human capital development. These come from a range of external feeders mobilised by local feeders. |

Table 4.4: Dynamics among agents within varying ecosystems and degrees of poverty

MUNTIGUNUNG

Due to the extent of poverty of the local communities, their isolation from external society and their long-standing reliance upon begging as one of the main means of securing a livelihood - endogenous entrepreneurship is not yet realistic within the context of Muntigunung.

Instead, the founder of Future for Children, understood from an early stage that strategic partnerships would play a key role in his ability to have a positive effect on the dire situation of the locals. Thanks to the insights from partner NGO Yayasan Dian Desa, a development plan was

followed that saw them first target the basic needs of the population such as water and health - and moving on up to providing jobs through social enterprises.

This unique approach turned endogenous actors yet incapable of entrepreneurial action into “engaged beneficiaries”, operating at the core of social enterprises. These social enterprises are owned and run by promising Balinese leaders (from outside Muntigunung, but sharing some degree of cultural connection to beneficiaries); who were carefully selected by the principal (exogenous) leaders in the Muntigunung poverty eradication effort.

It is key to highlight that exogenous actors can exhibit traits of leaders or feeders. In this case, the main exogenous actor, “Michael” displays an overwhelming number of leader qualities as per Feld (2012), ranging from long-term commitment, porous boundaries, experimentation and giving people assignments:

“When we found out that the hammocks made locally were not as nice as the ones in Latin America, I sent a member of my team to Central America to find a master hammock-maker. We flew him out to Bali to teach the

women of Muntigunung the art of making his style of hammocks” - Michael.

In environments of dire poverty, exogenous leaders incubate business activities through a unique mixture of skills and actions. In certain situations, an agent who fits a general description of a “new argonaut” may also double as a leader or feeder.

LES VILLAGE

Moving forward from a desperately poor community, into a “skilled poor” community - the Les entrepreneurial ecosystem clearly benefits from the fact that its residents have a legacy of gainful skills that can be put to use within practices that are more environmentally sustainable.

But transitioning from Potassium Cyanide fishing and engaging the local communities to drive this change, as well as business activities - would not have been possible without the key roles played by outstanding endogenous leaders. Some of these leaders already enjoyed a certain status within the community, while others “stepped up” and were willing to learn the skills and traits needed for

sustainable business activity. When asked about these traits, “Gertrude” had this to say of “Wayan” a local leader among fishermen:

“Yeah he’s only Junior High School, not even graduated. He’s a full-time fisherman, we met him in 2011. Doesn’t even have like a certificate. But we see the potential in him. And so he changed the practice from Cyanide. And then he is very confident speaking in public. And with this interaction so then we can practice this English. Now he speaks English. “

In Les, these endogenous leaders enjoy the support from feeders who, although exogenous in nature - reside and share with the locals on a daily basis. This has been key to create trust, influence behaviour and teach constructive practices. Long-term commitment can, and should also be exhibited by feeders:

“So I accepted, I came as a volunteer, have a look, loved the place. Came back, return back to Philippines, came back again and then I stay, basically, when I got my papers right. So when, I think the reef is much better.” - Fabian

So, these local feeders are active as an interface between endogenous leaders and external feeder networks. They foster entrepreneurial activity by channeling alternative revenue sources, carry out promoting, marketing and networking to the benefit of the community.

One peculiarity found in the Les case, is the presence of members within the feeder network of “new argonauts”. Native Indonesians who have received education abroad and have returned with knowledge and skills that further benefit the community.

BARÚ ISLAND

In an environment where the local community are “creative poor”, such as Barú; business activity is more widespread than in contexts with more extreme poverty.

Having said that, there still exists a dire need for financial and human capital. This is why in Santa Ana, the entrepreneurs are in better conditions to act as endogenous leaders. They are 100 % autonomous in their businesses and display traits of effectual action, bricolage and strategic thinking. A network of feeders organised locally, selects some of

the most promising and committed leaders for awarding low-interest nano-credits. Thus enabling entrepreneurial action in a non-predatory way.

By ascertaining that the credits are used for business growth and not consumption - these feeders act as a passage of resources between an external network of private and public feeders - and the endogenous leaders. A similar dynamic takes place with procurement and imparting of training destined to develop the human capital in the region.

4.4.5 AGENT DESCRIPTIONS

As per Dana (1997), I have taken a general look at the traits displayed by agents across the three sites analysed (Table 4.5) - to determine how they exhibit: a need for achievement, innovativeness and risk-taking. As a reflective note, a similar interpretation of the value created by a social business enterprise applies here - as leaders often perceive their rewards as not necessarily financial, but instead are derive rewards from the change they are able to effect and witness.

| | MUNTIGUNUNG | LES VILLAGE | BARÚ ISLAND |
|----------------------|---|--|--|
| NEED FOR ACHIEVEMENT | Achievement is expressed in "difference in other people's lives" - de-emphasising financial returns. Clear KPIs that track social performance | Achievement is perceived as a need for interaction with a diverse network, helping the environment and empowering the community | Necessity entrepreneurship is the norm. There is a drive for independence among local leaders; and a sense of responsibility among feeders |
| INNOVATIVENESS | Effectual action are built into the discovery process - both of new products, as well as new skills to incubate within the community | Feeders are constantly re-factoring elements within the community to unlock new value. Stakeholder network is very diverse | Some of the entrepreneurs met display strategic thinking and have learned to successfully bootstrap their businesses. Feeders have created accompanying tools to nano-credits. |
| RISK-TAKING | Many of the gainful activities by the enterprises were borne out of experiments. The enterprises have reduced the cost of experimentation through their networks. | Numerous evidence of learning by doing and experimentation. Activities destined at engaging the community and creating new configurations of artificial reef are one example | Done by the entrepreneurs mainly. New product testing, product-market fit testing, new sales channel exploration |

Table 4.5: Agents' display of entrepreneurial traits

MUNTIGUNUNG

Need for achievement is exemplified by a true desire to help the community. It may seem self-evident, however - in their drive to aid the locals, feeders have set clear and measurable objectives. These provide evidence of their need for achievement:

- **Provide a water supply of 25 litres of water per person per day**
- **Create one job per family (1100) and an approximate salary of over 100 USD per month**
- **To reduce the child mortality rate by 50 %**
- **Provide adequate education for all children**

Further evidence is the fact that pursuing poverty eradication activities was not an option for Michael, who admits he knew very little on the matter when he decided to pursue the initiative:

“I took the initiative in order to organise help in some form, without even knowing a bit about development work. And in the meantime, I am the one who is having all of the strings in my hand and the trying to add

different abilities, different skills, different organizations setups, different partners, in order to slowly, slowly, slowly develop the situation.” - Michael

When asked about his need for achievement, “Nyoman” - a manager with the hammock production enterprise had this to say:

“I Can help people in Muntigunung to make their future better”.

Innovativeness in Muntigunung is driven by deprivation of resources, infrastructure and human capital - combined with access to a great network of wealthy benefactors (mainly in Switzerland). This, in addition to resourcefulness within the team and a close network of domain experts across different disciplines allows them to test different possible solutions for a number of challenges on the ground. One of the most faithful examples of this resourcefulness is their exploration of different uses for the natural resources available locally:

“This really started like a... first with the Lontar, we supply what is available in the surrounding; like the

Lontar bag. The second one the hammock because we find that there is a lot of interest in people to have the hammock but they cannot have the high quality one; the good quality hammock. That's how we started out, how we produced the hammock. With the bag, we started want to do a new skill for the community. “ - Kadek, manager social enterprise

And innovativeness in Muntigunung is not limited to action, it is also evidenced in outcome. When faced with prohibitive costs for providing access to water for the villages; in addition to the need to build additional infrastructure, their novel water harvesting solution was developed:



Water harvesting and community centre solution, Muntigunung

“It needs to be easy. It needs to be adapted to the development status of the people. If you make something fancy as we have, in the West, this does not fit. And it does not fit to the development status of the people. So, make something simple. And you see with this, we are building in every village, we are building a Village Center, meeting point where they can have their meetings, where they can meet each other and you will see.” - Michael

In his leadership of the Muntigunung poverty eradication initiatives; as well as leadership of his team - Michael and the social enterprises engage in calculated risk-taking regularly. Some of the results were the successful capacity-building effort through which local women were taught the Latin American technique for making hammocks (positioning them as a unique manufacturer in the region) - and an experimental period during which the villages attempted to make musical instruments from gourd (which later failed and was discarded), among others.

“It doesn’t mean that we are not making mistakes in the process, that we are maybe having an idea of producing hats or producing gourds or whatever, and we realize now, it’s not working based on different reasons. So at least we have tried but after having tried and after having gotten the feeling, we have to take a decision and not to try to finance it for the next 20 years. You have to be prepared to cut it down and see finish with it.”

LES VILLAGE

Need for achievement within the Les ecosystem stakeholders echoes some of Muntigunung’s motivations - such as empowering the community. Additionally, due to the profile of the different agents present - helping the ecosystem and / or environment also are at the top of leaders’ and feeders’ minds.

Leaders:

“But after we learn with the NGO how important the ecosystems something like that, and we learn, learn, learn, that is really important. For me, I think that is really important thing. If we set them too. Yeah, because

that is for sustainable income I think it would be and also sustainable for the net... for the ecosystem.” -
Wayan, fishing community leader.

Feeders:

“(The best part of my work is) empowering marginal community to be able to help themselves.” - Gertrude,
local feeder

From the perspective of endogenous leaders, tangible proof of the benefits / achievement perceived in this community and Muntigunung - is the betterment of one’s own life through empowerment by feeders. Pak-Putu - another local fishing leader who cannot read nor write, and learned English recently had this to say about improvements made to his home:

“This, so many, many impacts because now we have like more economy, not like long time ago and then my house got good.”

This was echoed by the team of feeders working with Wayan, who expressed that, as a direct result of improvements

in the region - he had been able to upgrade the outer material of his home (concrete vs. wood). A source of pride among the locals.

Younger members of the community, especially those within feeder circles, expressed an appreciation for different types of rewards. Namely the ability to network and be heard within lower hierarchies; and the ability to work in more informal settings from traditional jobs:

(The best thing about my work is) “the place that I work at is very dynamic. A lot of open discussion without any borderline between each positions.” - Robert, new argonaut feeder.

Lea, an endogenous feeder working side-by-side with fishermen - had this to say:

(The best thing about my work is) “I can meet people from around the world, hear story from them about anything, make a new friends everyday and i can wear any clothes i feel convenience (non formal).”

Innovativeness in the context of Les can be summed up in two simple statements: business model innovation by fishermen community (endogenous leaders) -

- ***moving from self-employed to a cooperative model (and doubling the revenue received per catch)***
- ***establishing a “pull” model (only certain species of fish are requested by the market, which reduces stress on fish stocks; as opposed to “push” where they caught whatever they could)***

And innovativeness by the feeder network, in terms of:

- ***New ways of engaging fishing community: prototyping competitions for new designs of artificial reef***
- ***Exploration of new channels for attracting revenue and expanding influence (such as airbnb “experiences”, academic tourism, voluntourism)***

Under calculated risk-taking exhibited by the Les community, it is worth to highlight the active exploration of new revenue streams by local feeders (airbnb, voluntourism, etc); as well

as experimentation with new activities that will allow them to gainfully employ more members of the community:

“But then, you know, we learn by doing, making a mistake... not a mistake but, we breed 3 species of the clownfish and 1 of endangered species. We have 14 people from this village working in here.” - Gertrude

From her statement, as well as other participants' contributions - one may interpret that a culture that is entirely welcoming of failure does not yet exist in the region.

BARÚ ISLAND

As expressed above, the entrepreneurial community in Santa Ana differs from the previous two sites in that it is made up of 100 % endogenous entrepreneurs. Although they are inevitably driven by a need for differing achievements, necessity entrepreneurship is the norm.

In addition to the strong desire to provide for their families and a better life for their children, there is a drive for independence among local leaders; and a sense of

responsibility among feeders.

Evidence of this is “Consuelo”, a local dressmaker's behaviour. Prior to commencing business activities, she (like many other locals) had the chance to employ herself with one of the leading local hotels - making a guaranteed wage of approximately 185 EUR per month. Instead, she decided to pursue dressmaking with the help from an initial nano-credit (approximately 150 EUR). Although she did not disclose her average monthly revenue, one may interpret from her demeanour and confidence that she has exceeded it for some measure of time.

When it comes to innovativeness, some of the entrepreneurs met display strategic thinking and have learned to successfully bootstrap their businesses.

Feeders within the community, alike - have created accompanying tools to nano-credits in order to overcome contingencies that arise from local socio-economic factors. Jenny, a local feeder explains that:

“Our process quickly ensures that it is the actual entrepreneur who will receive the credit. We have seen cases where a friend or relative pressures the would-be entrepreneur to apply for the money, just so they can pay debts.”

Additionally, these local feeders have created other instruments to ensure holistic support for entrepreneurs. This is evidenced in their support structure for women entrepreneurs in the region (who account for a considerable part of the population). On top of the funds from the credit, entrepreneurs receive training on business-related aspects such as accounting - many women who lead businesses are also head of their families.

“Some of them have endured abuse at home for part of their lives, and, as a result of completing a ‘life project’ when they receive the credit; some of them have finally decided to leave abusive partners behind.” recounts Jenny, a local feeder representative.

Risk-taking in a community marked by business informality is ubiquitous. Without the need for MBAs or formal business training beyond that provided by SENA; recipients of the nano-credits, as well as numerous entrepreneurs from around the region engage in experimentation with new sales channels, marketing activities and product-market fit testing, among others.

4.4.6 ENTREPRENEURSHIP BY EXPECTATIONS, MOTIVATION, ABILITY

Further dissecting business activity that takes place at the core of contexts of poverty, McMullen (2011) continues to prove invaluable by providing a lens through which to view possible barriers for entrepreneurial action to be initiated: by expectations, by motivation and by ability.

For the purpose of this section, I shall treat endogenous entrepreneurship as the ultimate objective, and outline observed barriers across three contexts of varying poverty (Table 4.6). This, I believe will prove valuable for would-be leaders or feeders seeking to fight poverty through a ground-up effort.

| | MUNTIGUNUNG (DESPERATELY POOR) | LES VILLAGE (SKILLED POOR) | BARÚ ISLAND (CREATIVE POOR) |
|--------------|--|---|--|
| EXPECTATIONS | Lack of education and lack of contact with the outside world severely limits the ability of local communities to be creative about potential opportunities. Short-term / opportunistic behaviour reigns. | Fishermen have understood the benefits of cooperative model over independent self-employment. | Local entrepreneurs begin by simply wanting to provide for their families. Later on, they perceive additional benefits, such as time spent with family, independence, self-confidence. |
| MOTIVATION | The locals are slowly starting to show signs of thinking creatively; according to feeders, the next generation will benefit most from witnessing impact of gainful activities in their parents. | This means they are open to trying new things upwards in value chain - or in different activities. | The local culture still sees low-skill activities in Playa Blanca; as more beneficial in the short-term. Employment at the local hotel (185 USD approx/month) also seen as somewhat desirable. |
| ABILITY | One generation away due to combination of arid soil, low human capital and local culture. This gap is currently filled by selected endogenous leaders who run the social enterprises. | Locals possess marketable skills that can be put to work within the right business model. Can greatly benefit from human capital development and marketing / strategic advice. | Reasonable amount of perspective of their surrounding world exists. Also some degree of skill / human capital. Can greatly benefit from financial capital and strategic / business advice. |

Table 46: Assessment of expectations, motivation and ability across different degrees of poverty

MUNTIGUNUNG (DESPERATELY POOR COMMUNITY)

Up until a few years ago, the local population found itself in extremely precarious conditions, arising from a number of factors among others:

- ***Geographic isolation and remoteness***
- ***Lack of infrastructure: no roads to the villages***
- ***No access to water: nearest water source was on the bank of Lake Batur, approximately 2 hours' away on foot (4-hour trip daily to collect 10 litres of water per person prevented many from any meaningful work or development activity)***
- ***A tradition of begging that extended for generations instilled a culture of seeking instant gratification***
- ***Neglect by the state meant people were not registered as citizens, and hence had no access to welfare programmes***
- ***Malnourishment***

The above have resulted in a community that fails on expectations (is unable to picture possibilities within the world around them) and motivation (unless instant

gratification exists) and ability - when it comes to their readiness to start a business.

Instead, exogenous actors have begun a comprehensive effort to provide one job per family in the region - starting with fulfilling the most basic needs (access to water and health); providing an education in new skills and an income (to drive them away from begging); and engaging villagers through manual labour at the core of social enterprises. I shall refer to this approach as incubation of endogenous entrepreneurship.

LES VILLAGE (COMMUNITY OF SKILLED POOR)

Ongoing support of the local community by local feeders has started to show results in terms of:

- ***Successfully deterring local fishermen from engaging in destructive fishing practices***
- ***Gradual training on sustainable fishing and rehabilitation initiatives***
- ***Shift from self-employed to cooperative model***

In practice, this means that the endogenous agents have:

- a. *A basic understanding of the return can be expected from sustainable and differentiated business activity, and are therefore willing to try new approaches and activities (in spite of damaging social norms in the past)*
- b. *The motivation to protect the environment and exercise a certain degree of creativity, provided the right facilitation and support exists (human capital)*
- c. *A tangible, but limited skill set - that can be leveraged towards creation of viable business activity. The weakness in this context, which sees these abilities requiring further development. Financial capital is also needed.*

I shall refer to this general approach as *fostering of endogenous entrepreneurship*.

BARÚ ISLAND (COMMUNITY OF CREATIVE POOR)

At this level of poverty, it is far more realistic to witness satisfactory expectations and limited motivation on the part of endogenous leaders - which leads to a higher likelihood of endogenous entrepreneurship occurring:

- ***Expectations: entrepreneurs can see from***

experience, or from their environment that business activity may enable them to perceive additional benefits, such as time spent with family, independence, self-confidence

- ***Motivation: the weakness in this community - the young are drawn to perform low-skill tasks at the tourist hubs that provide them with an income that is marginally higher than the average (in context), thus preventing them from developing their knowledge and skills***
- ***Ability: Education levels are higher among this community in comparison to desperately and skilled poor. Can greatly benefit from support in terms of financial capital to boost ability to start a business; on top of targeted training or business knowhow.***

4.4.7 ADVANCED TRAITS OF ENTREPRENEURS

MUNTIGUNUNG

Verganti (2009, 2) discusses how design driven innovation intends to “radically change the emotional and symbolic content of products, i.e. their meanings and languages,

through a deep understanding of broader changes in society, culture and technology.”

Key leaders in Muntigunung display a deep understanding of the local society and its culture. The activity of begging is still practiced by some in the villages, and up until recently was still seen by the locals as a socially accepted way of generating an income. The consequences of this mindset were many: parents who beg for money are unlikely to engage in other gainful activities; children grow up seeing their parents beg for money and within a society that accepts the practice; children would travel long distances with their parents in order to go begging, rather than stay and go to school - and so and so on, thus perpetuating this cycle for generations.

In attempting to break such a cycle, local leaders have had to accomplish a number of daunting tasks with limited resources and within a very challenging environment. Some of the actions most demonstrative of strategic thinking, effectual action and bricolage are below:

- ***Making water locally available so that people don't have another reason to leave the village***

for hours each day (parents can work and children can attend school)

- ***Provide alternatives to begging that are gainful from day 1 (studying or working) in order to prevent the villagers from going back to begging***
- ***Highlight the perceived “intangible” benefits of those who are employed, such as increased self-esteem***
- ***Identification of new possible sources of income from the local environment and playing to its strengths: planting over half-a-million new trees between bamboo, cashew, moringa, rosella - in order to have more raw materials and possibilities***
- ***Experimenting with new products and quickly making go/no-go decisions, such as with the production of musical instruments from gourds***
- ***Creation of spaces for recreation, socialising and work with limited resources (the water harvesting structures they designed serve all of the above needs by means of a very inexpensive and low-tech structure)***
- ***Careful positioning (albeit accidentally) of the trekking activity as an insider-only tour that***

generates considerable revenue and acts as a powerful channel to attract trekkers from influential backgrounds to contribute skills or services to the community; and to ultimately buy the finished products by the enterprises

LES VILLAGE

In its efforts to eradicate poverty in Les, the local entrepreneurship ecosystem displays a number of traits worth highlighting - some of which can act as reference points for replication elsewhere, to the same end.

Once again, an applied form of Verganti's design driven innovation (2009, 2) has seen key actors at the core of the community "radically change the emotional and symbolic content" of being a fisherman, i.e. its meaning and language as perceived by the surrounding society. They have accomplished this, not through technology or design in itself - but through leveraging existing skills (such as free diving and fishing) and transferring new knowledge to the people in the trade, so that they themselves would drive this change in perception from the inside out.

A similar phenomenon has taken place around perceptions related to the function of local feeders. An association with them (either as an employee or trainee) is seen locally as a sign of prestige, derived from a number of factors such as a fishing community that is reinventing itself; as well as community empowerment, as is the example of women. When asked about the most rewarding part of work as a local feeder, European volunteer "Nathan" supports this by saying: "Empowering the women workers by giving them knowledge and responsibility that they have never been given due to their gender roles in their own culture."

Business model innovation has also taken place at the core of ornamental fishing activity. By creating healthier dynamics among fishing communities, leaders and feeders have been able to support a move by locals from a self-employed model to a cooperative one. This "simple" transition is significant for many reasons: simply put, it doubles the revenue they perceive, however; it also affords them greater bargaining power with exporters and puts them in a position to brand their superior ornamentals and command even higher prices. It is estimated that, were the fishermen decide to disintermediate exporters (the next link in the value chain); they could further triple their revenues (a 7x increase from self-employment) (UNEP, 2006).

Reef rehabilitation initiatives in the region pose a rich source of case-level data in relation to innovation. In their efforts to help sea life return to the region - local feeders have taught endogenous leaders how to build their own artificial reef structures. This process takes approximately two hours and the structures (depending on base material) can be deployed into the ocean from a matter of days, to a couple of weeks - and attract fish life within 3 to 4 months. The practice has been so promising that it drove local feeders to facilitate an open innovation competition for local fishermen on designing and building a new type of artificial reef structure. The winning prototype design was built and deployed. The criteria for winning were:

- ***Ability to withstand currents***
- ***Shape***
- ***Practicality (for manual handling and deployment)***
- ***Target species (eel, shrimp, fish, etc)***

One of such structures which has yielded significant value is the “shrimp pot”. Traditionally, shrimp harvesting could only be done on the coast for 3 months out of every year. Thanks to shrimp pots, population densities are much

higher and hence the local resorts are able to sustainably harvest shrimp year-round.

In closing, striking proof point of effectual action exists in the constant exploration of new channels and audiences (professionals as well as paid visitors) by local leaders. Through active networking and resourcefulness, they have been able to obtain marketing support and additional help for beach clean-up activities. Their use of online platforms such as airbnb for attracting visitors to the aquaculture centre is impressive, in spite of its apparent simplicity to westerners. The airbnb experience creates another important cycle which helps boost the local economy in the long term:

- ***Local communities benefit from revenues from tourists (diving and experiences)***
- ***Tourists benefit from new knowledge and awareness on environmental initiatives***
- ***Locals benefit from gradual exposure to the outside world (learning English and hospitality)***
- ***Ecosystem gains in reputation, awareness and influence through reviews left by tourists and word-of-mouth***

BARÚ ISLAND

A number of characteristics exhibited by the community act as vestiges of strategic action, effectual action and lean entrepreneurship. Among these it is key to highlight the ability of local feeders to create a flexible vetting scheme for nano-credits that accounts for the cultural factors of the region; as well as a comprehensive follow-up and support structure that sees women entrepreneurs receive assistance in long-term planning (of their business, as well as personal development (through an instrument called a “life project”).

Due to the precarious conditions of the region, nano-credits alone are not a guarantee of success for the budding entrepreneurs. In addition to fulfilling the expectations and motivation vectors as per McMullen (2011); entrepreneurs interviewed all display varying degrees of effectual action and entrepreneurial bricolage. This is reflected by active use and repurposing of available resources to the benefit of their respective businesses. This is evidenced in practice by actions such as:

- ***Deliberate effectual action and disciplined bootstrapping by entrepreneur “Ana Lina”,***

who opened up the only convenience store in her township. By starting to sell the mere staple items for a local kitchen (oil, rice, flour) - she virtually eliminated the need for any considerable startup capital until she was able to grow her business. During her time in business, she has taken a number of strategic decisions about the products to sell next and how to test the market for new offerings. She and her husband have just successfully invested in baking equipment to begin making bread (without prior experience), and decided to commute to nearby neighbourhoods to test the market for their new creations while reducing waste.

- ***Marketing channel selection by local shopkeeper “Anibal”, who decided to use his block’s PA system as a means of announcing the daily lunch specials he and his wife cook each day. They sell out regularly.***
- ***Effectual action displayed by local dressmaker “Consuelo”, who after suffering multiple traumatic experiences as a young woman; taught herself to use a small sewing machine***

gifted to her by her then-landlord and is now the dressmaker of choice for the school children at the local schools. She displays a sound understanding of customer service practice and says that her business operates at a net profit margin near 50 %. Although secondary data to verify her claims was not provided, the entity that has issued her two nano-credits (of increasing sums) explains she has been able to re-pay her loans in record time and will soon be eligible for a third one to grow her business further.

CHAPTER 5: DISCUSSION AND CONCLUSIONS

This chapter lays out the findings of the thesis through the lens of the key research questions and is structured across three parts. The first will deal directly with the main research question, as it relates to relevant theory and insights from field work. The second provides an evaluation of the study and fodder for future research.

5.1 MOST SALIENT, COMMON CHARACTERISTICS FOUND IN COMMUNITIES USING ENTREPRENEURSHIP TO COMBAT POVERTY IN DEVELOPING ECONOMIES

Upon entering the field, I had an over-simplistic view of what entrepreneurship would look like in settings of poverty. The reality was that a “one-size-fits-all” does not exist; due to the heterogeneity and numerous potential permutations of factors encountered in settings of poverty eradication through business.

The first characteristic is a combination of indicators (such as access to water, health, level of education and human capital, access to financial capital) which will point to the extent of poverty in the region. Understanding this will help frame poverty-fighting initiatives accordingly. Based on this finding, I have ascribed three qualifying names to

the varying conditions of poverty witnessed during field work:

- ***Desperately poor: characterised by lack of basic infrastructure such as access to water or health. Usually low human capital reflected largely in an inability of the locals to act as endogenous entrepreneurs.***
- ***Skilled poor: characterised by a population who has access to some degree of infrastructure, but is poor due to a combination of geographic, cultural and environmental factors. Due to some long-standing practices within the community, a degree of human capital may exist which can be leveraged to support business initiatives.***
- ***Creative poor: infrastructure may be failing, but is further developed in this context. Human capital and a clear perspective of the outside world exists among the population - so that endogenous entrepreneurship is realistic. Providing access to financial capital and targeted human capital may speed up this process.***

The second salient characteristic found in these settings is the presence of endogenous and exogenous agents that interact in such a way as best suits the conditions of poverty and context of the community. Depending on the degree of poverty of the community, three separate approaches were witnessed:

- **Incubate:** *Relies heavily on charity revenues initially, with a view to fulfil basic needs of the population. Once this has been accomplished to a degree, exogenous leaders spearhead poverty eradication activity by channeling funds and supporting local leaders (as close to endogenous as possible) in running business initiatives. Due to the fragility of these communities, the poor act as “engaged beneficiaries”, by receiving an income and learning new skills.*
- **Foster:** *This approach may work well in communities where a clear set of skills and resources exists, which can be turned into an advantage to drive business activity. By fostering such skills among endogenous leaders and supplementing them through access to human and financial capital; Les Village has*

been able to achieve some degree of success in fighting poverty. Exogenous actors work at the local level in order to account for local culture and the environment.

- **Enable:** *At this degree of poverty, endogenous actors are more likely to be able to drive business initiatives independently, however due to lack of financial capital - the poverty cycle may be difficult to break. Only at this stage would it be recommended that nano-credits be a possible solution, provided safeguards are in place to ensure the intended use of the funds as being for the business and growth activity.*

A third characteristic is the presence of endogenous and exogenous actors that assume the roles of leaders and feeders according to the specific approach being used to fight poverty at the local level. This is determined by the extent of poverty in the region; the skills required (fisheries experts are needed to develop human capital in Les, whereas botanists are needed in Muntigunung).

Fourth, environmental and cultural influence: Each one of the communities under study was in some way affected by

environmental issues within the region. Whether a direct impact (Les, Muntigunung) exists upon the livelihood of the locals; or an indirect (Barú) impact is the norm, any poverty fighting efforts will work best if they account for the condition and role of natural resources in the regions they wish to serve.

Likewise, each of the communities under study displayed key signs of the impact of established social norms upon work ethics, approaches towards business activity, et cetera. Leaders' intentions (endogenous or exogenous) will best be served by an understanding of these social norms so that they can be channeled or modified.

Fifth, each of the communities studied reaps the benefits of a community approach that is: participative, cross-disciplinary and relies on community empowerment.

Although a degree of charity was present in Les and Muntigunung, it only accounts for part of development revenues into the region. Long-term impact is being achieved through initiatives which are inclusive of leaders and feeders (endogenous and exogenous alike); a diverse set of skills and cultures; and development of human

capital to empower endogenous actors to impact their future. Figure 5.1 displays a number of "steps" which, from field research need to be fulfilled in order to empower a community from desperate poverty to entrepreneurship.

Sixth, innovativeness. At the core of each community exists a severe resource constraint. Some of the leaders and feeders in the ecosystems studied exhibited hints of effectual action and entrepreneurial bricolage. By understanding these attributes and being able to identify them - communities can reward, promote and foster this valuable characteristic across other sites.

Seventh, new channels. In supplementing revenues to drive business activity - leaders and feeders across the three communities studied displayed a resourcefulness in identifying and testing new channels for revenue and donation generation; accessing skills and attracting volunteers. Some of these were: Workaway, GoFundMe, airbnb and GlobalGiving.

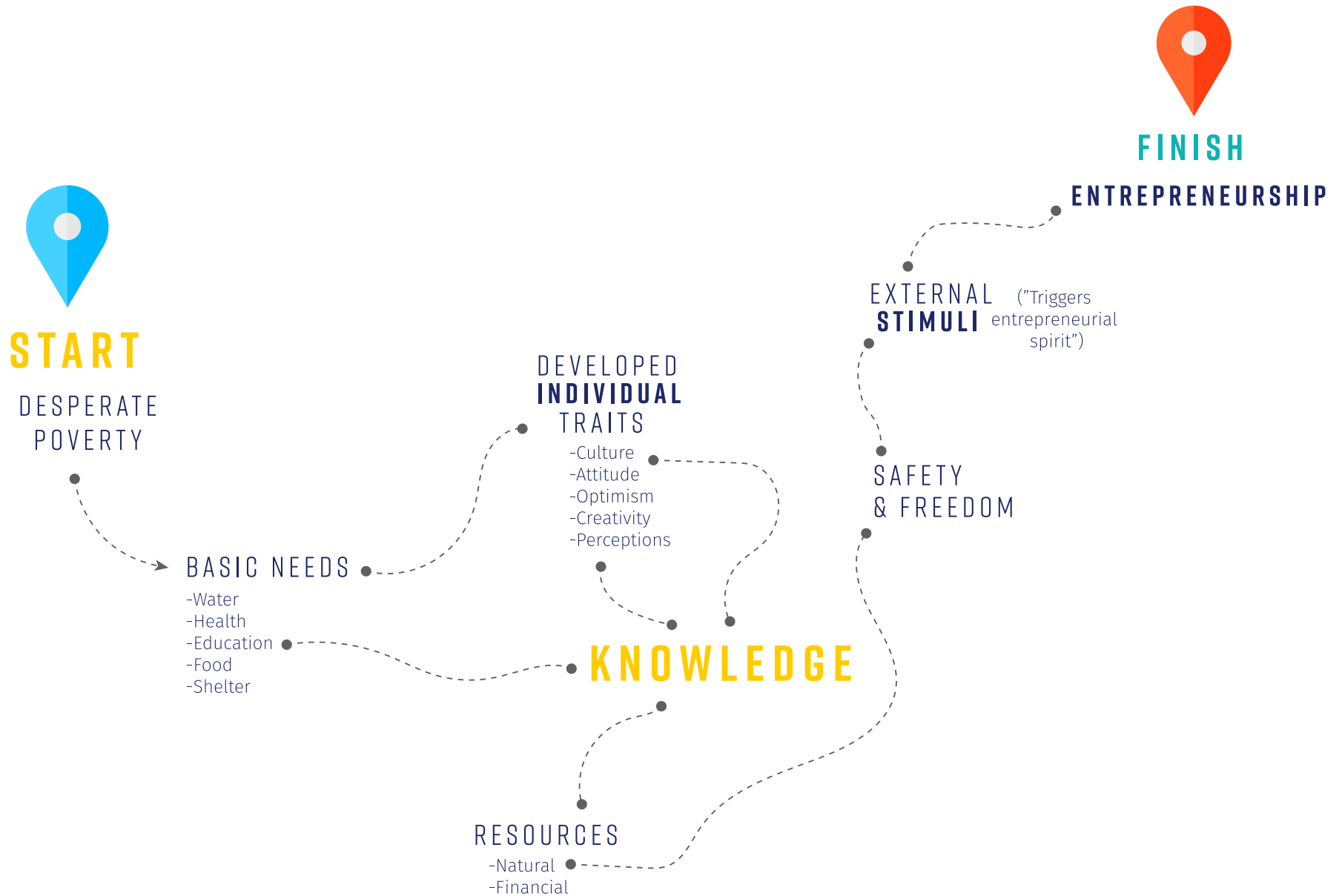


Figure 51: The road from desperate poverty to entrepreneurship

5.1.1 COMMUNITY ASSESSMENT PRE-POVERTY ERADICATION

I would like to acknowledge that poverty eradication is a daunting, complex and long-term proposition that should not be taken lightly. In saying so, motivation for this thesis lies precisely in these aspects which have traditionally made it the subject of development studies. By increasingly applying an entrepreneurial approach and relating characteristics of market-level actions to fight poverty to contemporary business and innovation literature - I am confident leaders and feeders in poverty contexts can develop a clearer understanding of what works in which setting; and be able to replicate it.

Based on lessons from the field and the relevant literature, I would like to propose the following template (Table 51) as an initial instrument for assessing the status of a community, prior to undertaking business-driven means of fighting poverty.

| | COMMUNITY |
|--------------------------------|--|
| INFRASTRUCTURE | Do inhabitants have access to water, electricity, education and health? How do shortages affect their ability to work? |
| GEOGRAPHY | Where is the community located? Are there road connections to the surrounding region? Do inhabitants have a reasonable degree of interaction with the outside world? |
| ENVIRONMENT | What are the general environmental conditions of the region? Are there any resources key to economic activity locally? What is the condition of such? |
| CULTURE | What are the locals' attitudes towards work and livelihood? Are there any perceptions around business activity that should be considered and may prevent people from engaging in entrepreneurship? |
| SAFETY | Are there currently any conflicts or public order which may affect business activities in the region? |
| ACCESS TO CAPITAL (ENDOGENOUS) | Do endogenous actors possess a degree of skills / education suitable to support intended business activity? Does the sufficient revenue exist to support labour, social and production costs? |
| ACCESS TO CAPITAL (EXOGENOUS) | Does access to domain expertise exist? Consider new argonauts and channels such as GoFundMe, airbnb, Workaway and GlobalGiving |
| DIFFERENTIATION | In short, what skills/resources/assets does the community have which others don't? |

Table 51: A generalised community assessment prior to undertaking poverty eradication through business

5.2 EVALUATION OF THE STUDY

Although there are strong indications for the benefit of carrying out inductive research at the case level in order to help foster poverty eradication initiatives, it is important to recognise how this research could have lead to even more actionable insight.

- **Data loss from Barú case:** Due to an unfortunate incident and lack of a working internet connection close to the interview sites, the voice recordings from 4 interviews on the island of Barú were lost before they could be backed up. This resulted in a thinner case in comparison to Muntigunung and Les.
- **Poverty conditions are broad:** One of the early findings from discussions with leaders in the Muntigunung region was the existence of regions so desperately poor; that endogenous entrepreneurship is simply not an option. The early part of my research could have benefitted dramatically from macro-level data in order to assist in sampling for field work.
- **Interpretive phenomenological analysis relies**

heavily on the researcher as research instrument. I would like to acknowledge that this may not be preferred by some scholars, however I believe that my role as an entrepreneur with an ethnic background close to some of those interviewed; as well as a student of International Design Business Management has allowed me to provide a more pragmatic approach through which to begin poverty eradication initiatives at a community level.

- **Generalisability:** inductive research that considers three cases can hardly be considered generalisable. Therefore, I make an effort to show how my work was conducted and invite fellow researchers to participate in this approach by exploring communities across other regions, demographics and poverty levels.
- **Critical case sampling:** Due to time and budgetary constraints, I had to select critical cases I could gain access to. These may not be the most representative cases around; so I would encourage future research employs macro-level data to zero in on critical cases and steps in with better resources.

- **Limited experience with NVivo software:** During the coding process, I did not exclusively rely on NVivo. Instead, I relied on a combination of manual coding, NVivo, journal notes and other artifacts
- **The research took a turn towards the human and cultural aspect.** One of the wonderful things about inductive research (interpretive) is that it can be iterative in nature. However, I believe an explanatory study that derives insights from the field, as well as macro-level data would be greatly beneficial
- **Data disparity:** Data from each case is disparate and I had to use what was readily available in addition to qualitative data. Although I made every effort to remain evidence-based in my interpretations; I encourage researchers to select more consistent metrics based on reports that measure similar aspects (if available).

5.3 FUTURE RESEARCH

The topic of entrepreneurship as a means of fighting poverty remains largely untapped - and on a personal

note, its exploration may offer rewards to entice the need for achievement of different types of researchers. From recognition, to simply having an impact upon the lives of those living at the bottom-of-the-pyramid.

To sum up some of the possible directions further research may take, I have compiled a listed below with brief explanations. It would be a personal pleasure to make any journal data, secondary data and/or interview and visual data stemming from my research available to anyone looking into these topics:

- **Longitudinal research that is explanatory in nature on how different enterprise configurations affect the populations in which they're embedded:** social enterprises create value that is captured as revenue and also as social gains. Deriving insights from qualitative and quantitative data that aims to explain what inputs generate which outputs would be another layer in helping leaders and feeders in poverty settings worldwide
- **Social inhibitors of entrepreneurship:** In certain cultures, stigmas against entrepreneurs still

remain. One quick example are certain regions in India. In future, understanding some of the reasons for these aversions would be valuable in breaking down social barriers for business-based poverty eradication

- *Intangible rewards of entrepreneurship: Many of the respondents I spoke with expressed increased self-esteem and sense of empowerment as some of the rewards from entrepreneurship. Women entrepreneurs in Bali also expressed similar feelings. The field would greatly benefit from research that treats this outcomes as inherent rewards of business activity and attempts to measure them*
- *Human capital development: Education as we know it is changing radically. However, formal education programmes for business is still time-consuming, location-dependent and can be expensive. How can communities lead the effort in crafting training that is surgically targeted to the needs of entrepreneurs in poverty settings?*
- *Expand on the definitions of social enterprise, social business enterprise and development enterprise: McMullen (2011) laid the foundation*

for the definitions of these configurations of enterprise, however; poverty is very heterogeneous. The field needs more definitions of company configurations in settings of poverty.

- *Can large enough ecosystems of necessity entrepreneurs attract attention by policy makers? Stam and van Stel (2011) express that necessity entrepreneurship does not have a significant impact u[on macro indicators of nations. This may be one of the reasons why governments are slow to act in assisting these entrepreneurs. Could a significant cluster of necessity entrepreneurs be influential enough to drive action?*

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APPENDICES

APPENDIX A - RESPONDENT PROFILES

In order to preserve confidentiality, fictional names are used when quoting respondents on their accounts. Below is a list of the profiles under which they fall:

| NAME | COMMUNITY |
|------------|---|
| "MICHAEL" | Exogenous leader - Muntigunung |
| "GERTRUDE" | Local feeder - Les Village |
| "WAYAN" | Endogenous leader fishing community - Les |
| "ROBERT" | New argonaut (feeder) - Les Village |
| "NATHAN" | Exogenous feeder (expert) - Les Village |
| "FABIAN" | Local feeder - Les Village |
| "JENNY" | Local feeder - Barú Island |
| "CONSUELO" | Endogenous leader - Barú Island |
| "ANÍBAL" | Endogenous leader - Barú Island |
| "STEVE" | Endogenous leader - Barú Island |
| "ANA LINA" | Endogenous leader - Barú Island |
| "KADEK" | Endogenous leader - Muntigunung |
| "KETUT" | Endogenous leader - Muntigunung |
| "PAK PUTU" | Endogenous leader - Les Village |
| "NYOMAN" | Local feeder - Muntigunung |
| "LEA" | Local feeder - Les Village |

APPENDIX B - SEMI-STRUCTURED INTERVIEW SKELETONS

Note: These were used only as an initial topic guide from relevant theory for interviews. Linearity, or even fidelity to the specific questions below was not observed during field work.

| INTERVIEW TOPICS |
|--|
| What motivated you to pursue business activities to alleviate poverty? Financials / other |
| Would you consider yourself to be an entrepreneur or a philanthropist? |
| What is the role of individuals/institutions with specialist knowledge in your community? |
| Where does revenue that goes into your community generally come from? |
| What motivation do customers / donors have to contribute to the community? |
| Can you describe unique aspects of the local culture that may enable / hinder business? |
| Are you able to share experiences where you have succeeded and/or failed? |
| What is your general opinion about the role of government in the development of your community? |
| Can you share a few details about the livelihood initiatives pursued within your community? |
| What kind of advice would you have for entrepreneurs who wish to do poverty eradication in other regions? |
| What impact (besides financial) have you been able to observe as a result of business activity? |
| What are some of the biggest challenges the community is currently facing in terms of developing the businesses further? |

APPENDIX C - FOLLOW-UP BIOGRAPHICAL QUESTIONS

| QUESTIONS |
|---|
| May I please have your full name? |
| Where were you born? (City/town, Country) |
| What year were you born in? (If you'd rather not say, please leave blank) |
| In your own words, what is your job title at Muntigunung? |
| What level of education have you achieved so far? |
| In your own words, what are your main skills? |
| If you could learn ANY skill to make your job easier, what would it be? |
| What is the best thing about your work? |
| What is the biggest problem / challenge in your work? |
| How many hours per week do you spend on Muntigunung-related work? |
| May I have your permission to use some of your answers in my published research without mentioning your name? |